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NEWS SUMMARY

GENERAL

Bomb theory in jet disaster

Sabotage may have caused yesterday's disaster—the third worst in aviation history—in which an Air India jumbo jet with 213 people aboard exploded in the air and plunged into the sea off Bombay, Indian officials believe.

The Dubai-bound aircraft took off from Bombay 12 hours late due to engine trouble and was lost by radar trackers minutes later. Witnesses said they heard an explosion and then saw a ball of fire falling from the sky.

Thirty-seven women, two infants and 14 children were among the passengers, who included 179 Indians, two Americans and nine Arabs, besides the 23-man crew. Most of the Indians were going to take up jobs in the Gulf.

An inquiry has been opened, after the recovery of the first bodies and wreckage of the Boeing 747 from the sea. An Indian aviation official said: "Modern planes do not fall out of the sky just like that. The whole thing is very suspicious." Page 4

Embassy plot

A two kilo time bomb laid at the Egyptian embassy in Bonn was defused yesterday two minutes before it was due to go off. "It would have blown up the entire building," an embassy official said. In London, police are questioning colleagues of the two Syrian officials killed when a bomb destroyed their car in Mayfair on New Year's Eve.

Palestine talks

President Sadat will try to clear up his differences with President Carter over the Palestine issue when the two men meet in Aswan, Upper Egypt, to-morrow. Mr. Moshe Dayan, the Israel Foreign Minister, is reported to have told the Israel Cabinet that Mr. Begin's Government would offer no more concessions beyond those given to Egypt in Ismailia on Christmas Day. Page 4. Editorial comment, Page 10

Editor's pledge

Mr Donald Woods, the banned South African newspaper editor who escaped to Lesotho at the week-end, said that his first action in exile would be to publish a book on the life and death of Mr Steve Biko, the black activist who died in police detention last year. Mr. Woods plans to fly to London to-morrow. Page 4.

'Naive' MPs

The RSPCA discounted a favourable report by two Conservative MPs who followed the transport of 145 live calves from the West Country to France. Accusing MPs Robert Hicks and Peter Mills of naivety for saying no cruelty was involved, the RSPCA said: "Of course all was well as the shippers would see to it that no irregularities occurred."

A near miss

Opposition by Mr. Ernest Bevin in 1947 narrowly prevented the Government from pressing 150,000 women into labour brigades to cope with Britain's economic crisis 30 years ago, it is disclosed in newly published Cabinet minutes. The proposal was made by Sir Stafford Cripps. Details Page 5

Briefly . . .

Two Freddie Laker aircraft—his 345-seat DC-10 and 168-seater Skytrain Boeing 707—were full when they flew from Gatwick to New York last night, the first time Mr. Laker has been allowed to use two jets in one day.

Both sides in the firemen's dispute are pessimistic about talks to-day with Mr. Merlyn Rees, Home Secretary. Back Page

By accepting the Companion of Honour in the New Year honours list, Mr. Jack Jones had "besmirched an honourable career," said Labour MP Mr. Martin Flannery.

Black market heroin seized last year by British customs investigators was worth an estimated £5.37m. compared with £2.35m. in 1976.

BUSINESS

Industry optimistic for 1978

● **INDUSTRY** is starting 1978 with a generally optimistic view of prospects for the economy as a whole and individual businesses in particular, according to the latest Financial Times survey of business opinion.

But economic recovery is expected to be slow, and there is a less buoyant view than before of export prospects. A large number of companies polled before the recent rise in sterling expected a rise in exports this year, but the percentage has slipped back compared with last summer. Back and Page 6

● **GEC** Turbine Generators has won a $57m. power station contract in Iran, which will be supported by a $37.3m. loan from a syndicate of British banks.

The loan is the first Export Credits Guarantee Department credit to the Iranian public sector, and for the first time is being financed in dollars rather than sterling.

The acceptance of the loan augurs well for other U.K. companies tendering for Iranian projects. GEC has already completed another power station on the same site as the new contract. Back Page and News Analysis, Page 4

Loan facility for BOC Intl.

● **BOC INTERNATIONAL** has arranged a $400m. (£210m.) medium-term loan facility from a group of eight British and U.S. banks. The loan is expected to be drawn on to meet the cost of BOC's offer this month to purchase up to 1.8m. more Airco shares at $43, raising BOC's 34 per cent. stake in Airco to 49 per cent., at a cost of some $12m. Back Page

● **WORLD** trade in coal could double by the mid-1980s, from the present 190m. tonnes, according to the NCB's central planning unit. Page 4

● **BOEING** won orders for 228 jets last year, worth more than $2bn. (£1.2bn.), outstripping all other major jet manufacturers. Substantial orders are expected in the New Year. Page 4

● **ITALY'S** balance of payments recorded a dramatic turnaround last year, with a surplus of L1,500bn. compared with a deficit of L2,300bn. in 1976, according to Italy's foreign trade ministry.

ENGINEERING

● **ENGINEERING** Employers Federation is to undertake a detailed study of productivity in the industry which it hopes will help to identify underlying causes of weakness. Page 8

● **AMALGAMATED** Union of Engineering Workers may ballot this year to seek a merger of the four constituent sections of the union. Page 8

● **SWAN HUNTER** boilermakers have applied to Department of Employment for a "fair wages" hearing, after awards of £5.40 and £4 plus to outfitters and ancillary workers. Page 8

COMPANIES

● **SMALL** companies are being hampered because both workers and management are over-taxed, the London Chamber of Commerce says in a memorandum urging tax cuts. Page 5

● **U.K. COMPANIES** generated a total £1.5bn. in new money last year, nearly £72.9m. more than in 1976. Rights issues predominated, with Commercial Union raising £76m. and GKN £37m. Page 12

● **PRUDENTIAL ASSURANCE** logged a record £8.6bn. last year in new sums assured on worldwide life business, against £7.9bn. in 1976. New annual premiums, however, fell from £122m. in 1976 to £116m. Page 12

● **BIRMINGHAM INCORPORATED** and Birmingham Citizens building societies have merged to form the Birmingham Building Society, with total assets of more than £100m. and 30 offices in the West Midlands.

FEATURES

ON OTHER PAGES

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Carter to resume enriched uranium supplies to India

BY K. K. SHARMA: NEW DELHI, Jan. 2

President Jimmy Carter said to-day that the U.S. would provide India with a shipment of enriched uranium and with heavy water, but failed to make any progress in persuading Prime Minister Moraji Desai that India should sign the Nuclear Non-Proliferation Treaty.

In a gaffe which embarrassed both Governments, President Carter was heard after conferring with Mr. Desai to say: "He's pretty adamant about the nuclear fuel thing. . . .

"When we get back, I think we ought to write him another letter, just cold and very blunt."

Both sides immediately did their best to play down the importance of Mr. Carter's words, which had been recorded by sound engineers for an American broadcasting network when the U.S. President thought he was not audible.

Mr. Desai said: "I will not misunderstand Mr. Carter and I am not at all upset about it. His remarks were recorded without notice and this is not fair to him."

Mr. Jody Powell, the White House Press Secretary, said that the President did not mean to give the impression that he was angry because of differences with Mr. Desai over nuclear policy or that he intended to berate him in a letter after he returned to Washington.

In spite of the embarrassment it has caused, the incident is not expected to affect the marked improvement in relations between the two countries that has taken place over the last two months, and in particular during the two days of President Carter's visit.

President Carter said near the end of his 48-hour visit: "We think twice before we incur the disapproval of India . . . because we realise that your standards of morality and justice are very deeply felt."

The nuclear issue, however, remains the main point of disagreement between them. Particularly since India exploded a nuclear device in May 1974, both the U.S. and Russia have been putting pressure on India to accept the nuclear Non-Proliferation Treaty.

Both Mr. Desai's Janata Party Government and its Congress Party predecessor, however, have refused to sign the treaty, saying it is discriminatory. If all nuclear powers agree to stop all tests, including those underground, they say India will gladly sign.

Banned

During the talks, President Carter told Mr. Desai that he was in touch with the Russians on the matter and expected an agreement on a ban on nuclear tests within two years. Mr. Desai told him he would consider signing the Non-Proliferation Treaty at that time.

The U.S. banned the export of enriched uranium to India after the 1974 nuclear explosion, but President Carter approved a single shipment of the fuel after he took office last year.

The sale of enriched uranium he announced to-day will total 7.6 tonnes and will be used by India's Tarapore nuclear power plant near Bombay.

In the course of Mr. Carter's visit, both he and Mr. Desai have referred to the potential for political and economic co-operation between the two countries.

This is expected to result in the resumption of U.S. aid suspended by President Nixon during the war over Bangladesh in 1971. Concrete programmes of co-operation in agriculture, space, technology and the like are to be announced to-morrow.

David Fishlock adds: The Indian Government's failure to respond to President Carter's attempts to persuade it to sign the nuclear treaty is another serious setback for the U.S. Administration's tough anti-proliferation policy.

As seen by both the U.S. State Department and the Foreign Office in London, India's signature could have a profound influence on the readiness of other "near-nuclear weapon" States to sign, and hence to open their nuclear facilities to international inspection.

India permits international inspection of some of its nuclear facilities, but not of its repro-

Continued on Back Page

NEDC to plan its new industrial strategy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

METHODS of developing the next stage of the Government's industrial strategy and plans for reconstituting the Roll Committee on Finance for Investment are the two main topics for discussion at the monthly meeting to-morrow of the National Economic Development Council.

It will be the first meeting attended by Mr. Bernard Asher, former NEDC industrial director, in his new temporary role as acting director general after the retirement in December of Sir Ronald McIntosh from the director generalship.

The key council meeting on the industrial strategy will take place early next month. To-morrow's meeting will be mainly concerned with preparing the ground.

Nearly 40 reports have been completed by the industrial strategy's individual sector working parties under the National Economic Development Office. These reports are being studied by the Government's industrial strategy steering group whose chairman is Mr. Lawrence Airey, a second permanent secretary at the Treasury.

The reports will be summarised into one paper to be presented to the council next month with a Government reaction from Mr. Denis Healey, the Chancellor, and Mr. Eric Varley, Industry Secretary.

Mr. DENIS HEALEY
Discussion on individual issues

There will also be a paper from the NEDC on the strategy and on the need to involve individual companies in the areas covered by the sector working parties.

Main themes emerging from the reports, such as industry's problems with the availability of finance and skilled labour and its lack of adequate product design, will be debated by the council during the coming months.

But Mr. Healey also wants the council to decide to-morrow how much it wants to involve itself in the near future in the problems of individual areas of industry or, perhaps, broad sectors such as engineering.

He will make it clear at the meeting that he considers that it would be useful for the council to discuss such individual industrial issues as well as broader subjects such as finance and design which straddle many industries.

Plans to reconstitute the Roll Committee have emerged from a study of the committee's work since it was set up two years ago by the NEDC after several demands for the creation of a "Little Neddy for the City."

Under the chairmanship of Lord Roll, chairman of S. G. Warburg, the merchant bank, the committee has been limited to consideration of finance for investment in manufacturing industry. It has worked closely with the Bank of England.

Now it is being suggested that its orbit should be enlarged to cover finance for industry in general and that its constitution and membership might also be changed.

At the same time, efforts will be made to try to differentiate between the work done by this committee and by the Wilson Committee which has been set up by the Government to produce specific reports on finance for industry.

More workers out on strike in bigger groups last year

BY ALEX GRAHAM

THE PAST year has seen a marked reversal in the downward trend of strike figures. More workers have been coming out on strike in bigger groups and they have been prepared to stay out longer to pursue their claims.

In 1976, the number of strikes dropped for the second year in succession, and the total of 3m. working days lost was the lowest for 10 years.

The likely total of working days lost last year based on the figures available for the first 10 months of the year, is almost 10m., more than three times the 1976 figure. The level of strike activity is once more approaching that of the early 1970s.

The total is above the average for the last 10 years and, according to the Department of Employment, the figure does not include strikes in public sector service industries.

This means that last year's figures will not include the firemen's strike, which has already accounted for nearly 1m. working days lost in the last seven weeks.

The number of stoppages begun last year was up 40 per cent. on the previous year and nearly twice as many workers have been involved in disputes.

Of those workers who went on strike last year, nearly 70 per cent. did so over pay, most of them seeking increases in wage rates or earnings levels rather than fringe benefits.

The three months since the end of TUC consent to an incomes policy have seen a small but significant increase in the level of strikes.

The Employment Department said that it was impossible to predict trends in strike figures, and that this year could see another reversal.

It conceded that the move to a more open system of pay bargaining had probably led to an increase in the number of disputes, but it denied that uncertainty over the 10 per cent. guidelines had been a contributory factor.

It was difficult to be specific about the effect of pay policy on the strike figures.

All industry groups, except the construction industry and the gas, electricity and water boards, had more strikes last year than in 1976.

However, the construction industry had an abnormally high strike record in 1976, largely because of the six-month dispute at the Isle of Grain power station, Kent.

This accounts for the large drop in the number of working days lost in that sector last year.

The figures for the electricity industry do not include the protracted unofficial work-to-rule by power workers earlier this year.

The increase in strikes was most marked in the chemical industry where the number of working days lost last year was 17 times what it was in 1976.

The Employment Department said that major industrial disputes were still confined to relatively few industries.

WORKING DAYS LOST THROUGH STOPPAGES OF WORK

Year	Total (000's)
1970	10,980
1971	13,551
1972	23,909
1973	7,197
1974	14,750
1975	6,012
1976	3,284
1977	9,443*

* Projected figure based on statistics available for first ten months of 1977.

Source: Department of Employment Gazette, November 1977, pp. 1288 and 1326.

Hospital company awarded £250m. contract

BY LORNE BARLING

ALLIED INVESTMENTS, the hospital services group, has won a £250m. contract from the Saudi Arabian Ministry of Defence for the complete management of two hospitals. The deal is the biggest deal of its kind in the Middle East.

Sir Richard Marsh, chairman of the company, said on his return from Saudi Arabia that work would be carried out over the next three years, with a major part of the total cost being spent in the U.K.

Allied's principal operating subsidiary, Allied Medical Group, will be responsible for equipping, staffing and operating the hospitals on behalf of the Saudi Ministry of Defence. Both will start to open by phases this year.

The company is capitalised at less than £7m. at the time of its recent share suspension after a bid announcement by its three main shareholders—Commercial Union, Orion Bank and London Trust—together with the National Enterprise Board. It is satisfied with the financing of the deal.

It said yesterday: "Because the contract has been framed on a consultancy basis, with all major payments being made directly by the Saudi authorities, the demands on Allied's own financial resources will not be onerous."

Boost

The deal, won against strong international competition, makes Allied the largest hospital management company in the Middle East and is a boost for the U.K. medical equipment industry. It is hoped that similar contracts will follow.

Preliminary negotiations with Saudi Arabia started more than two years ago and were concluded over the holiday period.

The contract, which clearly has a bearing on the bid position, will probably speed up a firm bid by the consortium, which has much to offer in terms of financial resources for Allied Investments.

The likely participation of the National Enterprise Board has been encouraged by its joint ownership with Allied of United Medical Company, exporters of medical equipment. It also clearly sees a big future in the Middle East market.

A number of oil-producing countries have experienced difficulties in manning newly-built hospitals and Britain, with the advantage of a centralised health service, has much to offer in this respect.

Five-fold rise forecast in U.K. reserves

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE U.K.'s official reserves rose by only a relatively modest amount last month in spite of strong demand for sterling in the last fortnight.

The reason is that the authorities allowed the demand to be reflected in a rising exchange rate with minimal official intervention. The pound closed on Friday at $1.9170, which was exactly 10 cents up during the month.

Consequently the official reserve figures—due to be published to-morrow—are mainly likely to reflect official borrowing and repayment as well as some impact from the expected current account surplus.

Repayments

The underlying rise last month could turn out to be roughly similar to the $183m. increase in November. This was much smaller than the massive $4.8bn. inflows in the previous two months before the pound was allowed to float upwards.

The reserves total at the end of last year is likely to be five times greater than the figure of $4.13bn. 12 months ago. At the end of November the reserves were $20.39bn.

During December, the U.K. is expected to have paid interest and made repayments totalling about $200m. on long-term borrowings arranged during and just after the Second World War. This may be partly offset by small borrowings from the European Investment Bank.

Sterling was fairly quiet early last month; while markets were thin, with fairly small volume for much of the period, the renewed intense selling pressure against the dollar in the last fortnight has resulted in a sharp rise in the pound.

The December increase in sterling accounts for nearly half the 21 cent—or 12½ per cent.—appreciation against the dollar last year.

The pound has not been nearly so strong against the Continental currencies and the trade-weighted index against a basket of 20 other currencies appreciated by only 6¾ per cent. last year.

This has, however, resulted in a growing debate about the competitive position of British exports.

Editorial comment, Page 10

Minimum lending rate may fall

BY MICHAEL BLANDEN

A RENEWED downward trend in the level of short-term interest rates could be seen this week, with the possibility of a cut in the Bank of England's minimum lending rate from its present 7 per cent.

The Bank held MLR unchanged again on Friday at the 7 per cent. level at which it has stood since it was pushed up from 5 per cent. on November 25.

The continued stability of the rate has been ensured by a series of signals from the Bank to the money market, indicating that it did not want to see any changes in the short term.

However, the messages have been interpreted as leaving the way open for a move in the New Year if it became clear that this was justified by conditions in the market.

The strong performance of the pound last week helped to strengthen expectations that the authorities could allow the rate to come down this week.

This hope has been clearly reflected in the gilt-edged market, where prices have continued to rise on good demand.

On Friday, with gains of up to ¼ at the short end of the market, the authorities were again able to sell the short-dated tap stock.

It was thought that up to two-thirds of the £900m. of this stock issued in mid-December might now have been sold to the public.

Trigger point

The Financial Times Government securities index rose 0.16 to 78.09 to bring its gain over the short post-Christmas week to 0.57.

At the weekly Treasury bill tender, the average rate on bills—to which MLR is linked—fell to a level not far above the trigger point for a ¼ per cent. reduction in the official rate.

The market will be looking to the Bank for guidance this week, but in the absence of any official signals to the contrary, a cut in MLR is possible.

LOMBARD

An entertainment with models

BY SAMUEL BRITTAN

THE NIESR devised a fascinating entertainment in the past few months of 1977. The manufacturers of the four main economic models—the NIESR itself, the London Business School, the Cambridge Economic Policy Group and the Manchester Monetarists in Exile—were asked to re-write history. What would they have done if they had been in power in the crucial years 1964, 1970 and 1977? And what would have been, or would be, *the results over the subsequent* five years?

In a preliminary round in the autumn the four groups presented papers; comments were then invited from other economists, and a confrontation on demand management was held just before Christmas. Mr. Michael Posner of Old Cambridge acted as compere. The "book" of the show will be published by *Heinemann in a few months'* time.

Each group applied its own model, re-wrote its own history and did its own crystal gazing. The fact that an impartial independent computation was not possible itself says a great deal. The idea of a computer model in which the future is mechanically predicted from the past is bunkum.

If any of the organisers hoped that the differences between schools of thought could be reduced to numerical relations which could be estimated impartially, he would have been very disappointed. For as one of the Monetarists, Professor David Laidler, argued in a paper written earlier,* there may be no enduring relations and transmission mechanisms of the kind that the conference organisers hoped to estimate.

The shrewdest assessment of the differences between the four groups at the London Conference was made by Dr. Charles Goodhart, of the Bank of England but—thank heavens—speaking for himself. It is revealing both that such an assessment should have come under the heading "Monetary Policy" and that Dr. Goodhart should have—quite rightly—spent much of his time on other matters. For as he soon showed, to the extent that the differences were technical, they were about the labour market rather than the Money market.

The really important differences were however, as Dr. Goodhart suggested, in economic philosophy between those whom he called the "market optimists"—comprising the London Business School and the Monetarists in Exile—and the "market pessimists" comprising Cambridge and the National Institute. There were in fact many striking technical similarities across the ideological divide between the *Monetarists and the National* Institute on the one hand, and the Cambridge group and the London Business School on the other. Yet on policy London was pretty close to the Monetarists while Cambridge marched in hand with the National Institute.

Pessimists

To make matters more paradoxical, it was the so-called "market pessimists" who were most optimistic about how much good could be done by their own recommendations, in particular to real things such as output *and employment. In fact* the labels could be reversed. For the interventionists were really the optimists about what could be gained from (better) Government intervention; and the more market-oriented schools were dubious about how much good manipulation by Whitehall could achieve. Indeed as a sympathiser with the latter view, I have no particular admiration for markets, but a good deal of suspicion that real world intervention by real world politicians more often makes things worse rather than better.

Dr. Goodhart's conclusions was that "models cannot give much help to policymakers. Looking at exactly the same economy, and even using on occasion very similar structural equations, different modellers come to totally different policy conclusions because of their *fundamental perceptions about* the workings of the economy. Econometrics has not, at least so far, provided any alternative for basic judgment, only some quantitative dressing and support for such judgments."

For this shaft of wisdom and because it is New Year I shall even forgive Dr. Goodhart for his remark about analyses which "do not offer any more specific or quantified" policy suggestions than those "presented almost daily in certain influential newspapers." Compliments are welcome whether intended or not.

* *Money and Money-Income: An Essay on The "Transmission Mechanism."* Reserve Bank of Australia. Research Discussion, pages 7,704, August, 1977.

APPOINTMENTS

P. Cooper is deputy chief executive of Steel Bros.

Mr. P. E. Cooper has been appointed deputy chief executive and a director of STEEL BROTHERS HOLDINGS. Mr. Cooper became alternate to Mr. D. E. W. Thomas on the Board of Steel Brothers Holdings and a managing director of Steel Brothers and Co. at the beginning of 1977.

★

Mr. Ian Ross Beattie has been appointed to the Board of SPEAR AND JACKSON INTERNATIONAL. Mr. Beattie is the managing director of the company's garden and hand tools subsidiary, Spear and Jackson (Tools). Mr. Brian Luscombe Allen has been elected to the Board of Spear and Jackson International as a non-executive director.

★

DUPORT states that Mr. D. L. T. Jayne joins the Duport Group as director—personnel from Massey-Ferguson and is appointed to the Board of Duport Services.

★

JARDINE, MATHESON AND CO. has appointed two new group general managers and a new director for the group subsidiary, Jardine Matheson and Co. (South East Asia). The two new general managers are Mr. W. M. Courtauld and Mr. Alan Mills, whilst the new Jardines S.E.A. director is Mr. D. P. Graham. All the appointments are from January 1.

★

OFFREX GROUP has elected to the Board Mr. John Lewis, chairman of Howard Wall. The Howard Wall group of companies is part of Ofrex. Mr. Keith Uney is appointed sales director and Mr. Graham Gregory, director of administration, for British Industrial Fastenings, while Mr. Ezio Oberti becomes director of exports *for Fordigraph Overseas* and Mr. Ian Howitt takes up the position of financial director for Lawtons of Liverpool. Each concern is part of the Ofrex Group.

★

Mr. A. R. Taylor, chairman of *Willis Faber, has been appointed* FELL HOLDINGS. Also Mr. J. T. Faber has retired from the Board of Morgan Grenfell Holdings.

★

Mr. J. P. Walkinshaw has been appointed a non-executive director of the *LYLE SHIPPING COMPANY*, succeeding Mr. A. C. Hogarth, who has retired.

★

Mr. Cyril Le Riche has been appointed managing director of TONBRIDGE PRINTERS.

★

C. T. BOWRING AND CO. states that Mr. E. G. Tyler, a director of the group and group marketing director, has retired from his Board appointments. The company proposes to invite Mr. Tyler to accept an appointment as consultant to the group with specific responsibility for ensuring continuity of service to his clients and for developing group contacts.

★

GKN STEELSTOCK has appointed two new directors—Mr. Ted Evans, product group director, general steels, and Mr. John Price, product group director, flat rolled. The appointments follow the retirement of chairman Mr. Donald Field, who is succeeded by Mr. Norman Richards, who becomes chairman and managing director.

★

Mr. Derek Taylor has been appointed production director of LITTLE DUKE SHOEMAKERS. He is responsible to Mr. D. S. Cave, managing director, for the whole of the production function of Little Duke, a member company of the Ward White Group.

★

Mr. Peter Arber has been appointed managing director of JOHN WHITE FOOTWEAR, part of the Ward White Group. He succeeds Mr. Bernard Stokes, who continues as a director and will act in an advisory capacity until his retirement later this year. Mr. Frank Langton has become production director and Mr. Roger Brown has been appointed sales director.

★

Hambro Life announces that, *with effect from* January 1, 1978, Mr. John Clay has become chairman of HAMBRO LIFE ASSURANCE, succeeding Mr. Jocelyn Hambro. Mr. Clay has been a director of Hambro Life since 1971 and is the deputy chairman of Hambros Bank. As was the case with Mr. Hambro, he will be a non-executive chairman.

★

Mr. Christopher G. Moira has been appointed to the Board of T. L. ELLIOTT AND COMPANY.

★

Mr. Bernard R. Hastings has become chairman of the Merseyside and North Wales Electricity Board (MANWEB). Mr. Hastings, who is at present deputy chairman of MANWEB, succeeds Mr. D. G. Dodds, who has retired.

★

Mr. Aubrey Milstein has joined the Board of the BENTIMA COMPANY as chief executive. Mr. A. R. C. Barclay and Mr. D. W. Forsyth have also joined the Board and Mr. A. L. Knight has retired.

★

GOLA SPORTS, a member of the Electronic Rentals Group of Companies, has made Mr. Paul Sammut managing director.

★

Mr. Barrie Griffin has been appointed managing director of AIR SHIPPING AGENCIES (ASA International) and Mr. Ronald Hewison has become a director.

★

Further to Friday's announcement regarding SEDGWICK FORBES. Mr. A. V. Alexander was already a director of Sedgwick Forbes Holdings and deputy chairman of Sedgwick Forbes. He now assumes full-time executive Group management responsibilities in those appointments.

★

Mr. Kenneth L. Tucker, a director of the Coral Leisure Group, has been appointed chairman and Mr. Tony Moore, previously with Courage, managing director of CORAL RACING, its bookmaking subsidiary. The following new appointments at senior executive level have also been made within the Group: Mr. Robin Whitmore becomes director of personnel; Mr. Roger Clarkson is electronic data processing manager; and Mr. Roy Parkin, group purchasing co-ordinator.

★

Mr. F. J. A. Howard and Mr. A. J. W. Owston have been *appointed directors of* CHARTER CONSOLIDATED. Mr. Howard is head of the company's finance and investment division. Mr. Owston is based in Kuala Lumpur as chairman of Charter Consolidated (Malaysia) Sdn. Bhd.

★

Mr. Simon Keswick and Mr. A. J. Bowden have been appointed to the Board of the Maltese Cross Insurance Co., which on January 1 changed its name to the LOMBARD INSURANCE COMPANY (U.K.). *The Lombard Insurance* Company (U.K.) is a wholly owned subsidiary of the Lombard Insurance Company of Hong Kong. This in turn is a wholly owned subsidiary of Jardine, Matheson and Co.

★

Mr. Andrew Blair has been appointed a director of TURNBULL GIBSON TRAVEL.

★

Mr. Peter Miles has been appointed chairman and Mr. *Hilton Clarke has been appointed* deputy chairman of ASTLEY AND PEARCE HOLDINGS. The following have also been appointed to the Board: Mr. James Cheetham, Mr. Thomas Fellowes, Mr. John Gunn, Mr. Christopher Home (Australian), Mr. John Irvine, Mr. Poul Jespersen (Danish), Mr. Richard Lacy, Mr. William Matthews, Mr. Marcel Wolf (Swiss) and Mr. Richard Worthington. Astley and Pearce Holdings is the holding company of the Astley and Pearce Group. Mr. Peter Miles also becomes chairman of Astley and Pearce and remains a managing director of Gerrard and National Discount Co.

★

Mr. Michael Ingall has been appointed to the Board of DUNBAR AND COMPANY.

★

THE DELTA METAL COMPANY states that Dr. A. J. Kennedy has joined the Company, succeeding Dr. I. Jenkins as director of research when Dr. Jenkins retires on July 1.

Welcome move to positive games brings sparkle

THE FIRST half of the season in the First Division has been packed with interest and entertainment. There has been a welcome move away from the negative to the positive, and it is a long time since so many clubs have been regularly producing good and exciting football.

The pursuit of goals, rather than their denial, has come back into fashion, as have also wingers and attacking ideas. This trend is reflected by a marked increase in high-scoring games, like the nine goals between Birmingham and Chelsea on Saturday and between Norwich and Coventry on Boxing Day.

In recent years the League has contained too many efficient, effective, rather dull teams lacking the spirit of adventure. All too often there have been only half a dozen or so teams, including the two from Manchester, who regularly sparkled both in victory and defeat.

The outlook for 1978 is bright, with the majority of the teams in the First Division, not just a few near the top, being fun to watch.

On the other hand, of the matches I have seen to date there does not appear to be a truly outstanding side, though I may have to revise my judgment about Nottingham Forest, who have surprised everybody with their performances.

SOCCER

BY TREVOR BAILEY

How does what was no more than a competent Second Division club find itself at the top of the table in its first season among the elite? The main answer must be that outstanding managerial partnership between Brian Clough and Peter Taylor, who have done it again.

Knowing that he needed to strengthen his team, Clough spent about £695,000 last year and he has bought players who have slotted in to the Forest system. Probably his most important single purchase was Shilton, underlining yet again the vital difference a [illegible] 'keeper makes.

The success of Forest has been assisted by the decline of Liverpool, Manchester United, Aston Villa and Ipswich, while Manchester City have not always played to their considerable potential.

Everton, who forced a draw with Forest, have a reasonable chance, while Arsenal, who disposed of Ipswich at Highbury 1-0 in a rather messy, indifferently-refereed match, look a better bet for 1979 or 1980 than this year.

Another club not to be ignored is Manchester City, who are capable on their day of beating anyone.

At the other end of the table, Leicester and Queens Park Rangers look favourites for the drop into the Second Division; but West Ham, who have become expert escapologists in recent years, have sufficient talent to do it yet again.

Brighton's ten men draw level

SOUTHAMPTON'S failure to hold a one-goal lead against Brighton, who were down to 10 men for the last 37 minutes, meant that Blackburn crept within a point of them in the third promotion place in Division 2.

But Southampton's splendid run of nine points from five games, which has coincided with *Osgood's departure for the U.S.*, has stamped them as the likeliest candidates to accompany Bolton and Tottenham back into the First Division.

Not that there is anything *certain in soccer*; Bolton have been unimpressive in their visits to London. They were poor when Milwall beat them 1—0 on Saturday, and when Tottenham ended a run of four home draws by beating Blackburn 4—0. But Blackburn yesterday spun back with a 1—0 home win over Notts County.

Brighton beat self-inflicted adversity yesterday by achieving their fourth consecutive home draw, 1—1. But it was only their second point in four games, and although they have not lost touch with the promotion race they have lost their goal sparkle.

Referee D. Smith (Hornchurch) was admirably firm, booking five in a spirited match that never got out of hand.

When Brighton's centre-half Rollins, who had been booked for bringing down Williams after three minutes, caught Ball's intended pass for Boyer 46 minutes later, Mr. Smith had no option but to send him off. Rollins's offence was patent and stupid.

Four minutes later, Southampton, who had troubled Steele even less than Brighton had worried Wells, went ahead when Williams tucked in Ball's short forward pass.

It might have been the opening of the floodgates. But, incredibly, Brighton's 10, augmented by tricky substitute Potts, in place of the injured Clark, stretched Southampton to the utmost.

They scored after 73 minutes when £100,000 defender Lawrenson thumped in his first goal since joining them for this season.

It was hearts-in-the-mouth stuff, with the amazing 10 threatening Southampton's goal with bold, exciting attacks, and Southampton, masterminded by Ball, exploiting their advantage in well-measured raids that looked bound to snatch a winner.

But no goal came. This battle gave Brighton's 32,979 crowd—their largest this season by nearly 5,000—the sort of Cup-tie thrills they can hardly expect next Saturday against non-leaguers Scarborough.

JAMES FRENCH

Choice of captain the problem

NOW THAT the County Championship is out of the way with the North Midlands beating Gloucestershire 10—7 in an exciting final, English thoughts now turn to the international championship.

England's first match is against France in Paris on January 21, but before that there is the final trial at Twickenham. The selectors have adopted a traditional line of asking the Rest side to displace the previous season's team.

There are exceptions to disprove the cynical notion that the England side has been pre-selected and that the regional trials were merely window dressing. They were in part, but at least everyone with the minutest claim was looked at.

It used to be axiomatic that it is harder to get out of an England side than into it, and perhaps that is the case this season.

Even without Uttley England will have a powerful pack, nothing startling outside and the team will play again to its obvious limitations. These were nearly good enough to beat France last year but what must be remembered is that England are still essentially re-establishing themselves and that is the basic tenet that governs selection.

The choice of captain is perhaps worrying the selectors' minds more than the team itself and whatever qualities he has, a captain is only as good as the players around him. All of us have different views on what makes a good captain but there are two common factors.

First, he must be absolutely certain of his place and second, he must command the respect of *his team. How exactly he leads* depends on his own temperament, but the good captain will know what motivates each individual.

England's longest-serving post-war captain was John Pullin, a quiet and thorough technician. He did not have great success at

RUGBY

BY PETER ROBBINS

home but then he was faced with an ever changing selection.

Eric Evans, another hooker, was England's most successful post-war captain and by his own admission not exactly cobra-like in his striking.

Where Evans scored was that he was much older than the rest *of his team* and motivated them by an unashamedly emotional appeal. He also handled selectors in a paternal way. There were better hookers around but not better captains.

The Welsh place great stress on emotion in their team talks and of course Clive Rowlands has a legendary reputation. These days, however, the Welsh respond more to reason for the players, now more established, know what to do and why. When a team is as experienced as Wales the captain or coach can offer a carefully planned approach.

Having said that, it seems to me that Rugby has gone a little too far in the regimentation of tactics and there is no doubt that the standard of back play has declined in Britain.

But what choices do England have? Cotton and Neary are both ex-England captains, but Rafter is the present incumbent at flank.

Cotton is sure to keep his place as is Wheeler, the hooker, for whom there was a deal of support early in the season. He fulfils the two fundamental criteria but is perhaps not yet ready to take on the cares of captaincy at international level.

Barrie Corless made a good job as captain of the Midlands regional side and he is a most dependable player, but perhaps not totally sure of keeping his place.

Beaumont will lead England on Saturday and he appears to be a good all-round choice, though if he gets the job (and I hope he does) he will need to show more vision. I believe his appointment would increase his stature as a personality.

Adventure facing strong winds

A BRIEF radio report received from the joint Services crew aboard the Naval yacht Adventure, indicates that the halcyon conditions of the opening week of the third leg of the Whitbread round the world race from New Zealand to Rio, via Cape Horn, are over.

The 55-foot yacht is beating into winds of 50 knots about 1,000 *miles east of the southernmost* tip of New Zealand, an area where the following winds of the Roaring Forties and Fifties might have been expected.

These severe conditions have made radio contact difficult and an overall handicap placing is virtually impossible to calculate.

Heath's Cordon is thought to be leading the 16 yachts eastwards with the Dutch ketch Flyer, overall handicap leader of the entire race so far, in sight astern of her and she, in turn, just ahead of the French ketch, Pen Duick VI, who joined the

YACHTING

BY ALEC BEILBY

last half of the race in Auckland.

The protest made to the race officers by Leslie Williams, skipper of Heath's Condor, against Eric Tabarly's Pen Duick VI has still not been resolved. But there is more to the protest than a mere disagreement over rules, the use of exotic materials and age allowances.

The deliberations at Portsmouth over Williams' protests may solve the technical differences between the two yachts but the "needle" between the two skippers have grown from seeds planted somewhere in the ocean during the transatlantic race of 1968, the first two stages of the 1973-74 Whitbread race and half a dozen other events before and since.

A similar feeling of rivalry exists between Tabarly and the patriotic Robin Knox-Johnston who will skipper Heath's Condor on the final leg from Rio to Portsmouth. It is very probable that if Taberly is allowed to sail this leg, Williams will stay aboard Condor with Knox-Johnston.

Winter keeps fingers crossed

AS THE season enters its most critical stage with the lead up to Cheltenham and the Festival meeting, two men look set to dominate their fields.

In the training sphere, Fred Winter appears likely again to have the measure of his rivals—if not in number of winners then almost certainly in prize money—while the North's top raider Jonjo O'Neill is already in a virtually unassailable position, ahead of John Francome.

For Winter, whose Uplands stable scored with the highly promising Gruffandgrim and that popular veteran, Sonny Somers, on Saturday, the next ten weeks will simply be a question of keeping his fingers crossed and hoping that nothing goes wrong to dash his stable's Festival plans.

So often in the past, a tremendous run for Uplands has ended on a disastrous and sometimes tragic note at Cheltenham and no one is viewing the meeting with more caution—not to mention trepidation — than Winter.

However, on the face of it, he has plenty to smile about and I can think of no trainer who would not be prepared to swap his hand come March.

With Pendil now retired and Snow Flyer still far from right, Winter will have to rely on the seven-year-old Midnight Court in the Gold Cup, a race which has never gone right for Uplands.

RACING

BY DOMINIC WIGAN

However, the four-times champion jockey seems far from worried by the age and inexperience of the Twilight Alley gelding.

He rightly points to the fact that Midnight Court will have had a considerably better grounding by mid-March than the luckless Lanzarote, who slipped up a year ago.

Jonjo O'Neill, who travels the length and breadth of the country in his quest for winners—even if they be in selling plates—is well on his way to passing the 100-mark by the festival meeting.

He is now rated an even-money chance to crack Ron Barry's remarkable record of 125 successes, achieved in the 1972-73 season.

CHELTENHAM

12.30—Double Bluff
1.00—Allied Carpets
1.35—Hipparion
2.10—Mr. Straight
2.45—Peter Scot
3.15—Pippin Place

AYR

1.15—Hindhope***
1.50—Battlement
2.20—Filigrove
2.50—Holly Twist

PLUMPTON

1.45—Mannyboy*
2.45—Chunky Joe
3.15—Casino Bay**

TV/Radio

BBC 1

† Indicates programme in black and white

10.00 a.m. The Wombles. 10.05 Jackanory. 10.20 Boris the Bold. †10.25 White Horses. †10.50 Flash Gordon Conquers the Universe. 11.10 Elvis in "Girls! Girls! Girls!" 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.45 Songs of Praise. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Sleeping Princess by Kay McManus.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 *One More Time! (London* and South-East only).
7.25 The Oregon Trail.
8.15 Supermind.
9.00 News.
9.25 Play For To-day.
10.40 Power of Scotland: A report on the Scottish Office—one of the least-known big spenders of British Government.
11.30 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 p.m. Wales To-day. 6.55 Cartoon time. 7.20 Heddiw. 7.45-8.15 Pobol Y Cwm. 11.30 News and Weather for Wales.

Scotland—2.00-3.55 p.m. "The Five Pennies," starring Danny Kaye. 5.55-6.00 News for Scotland. 6.00 A Bhliadhn' Ur: The New Year with Calum Kennedy. 6.30-7.25 The Homecoming: Scotland *and the International Clan* Gathering. 9.25 Power of Scotland: An investigation of the Scottish Office. 10.15 The Corries in Concert. 11.00 He Has A Lot To Answer For: A reflection on Bell's telephone. 11.50 News and *Weather for Scotland.*

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.20-7.20 Here's How. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 6.55-7.25 East (Norwich) Bards of the Barleycorn take a look at childhood; Midlands (Birmingham) Top Gear; North (Leeds) Here Comes the Queen; North-East (Newcastle) Looks Natural; North-West (Manchester) A Good Sing by local choirs; South (Southampton) Hey Look . . . That's Me!; South-West (Plymouth) Peninsula; West (Bristol) Breakthrough.

BBC 2

11.00 a.m. Play School (As BBC-1 3.55 p.m.)
6.25 News Headlines.
6.20 Planets.
7.30 Newsday including Foreign Report.
8.10 The Hothouse: A look at the lives of six women eight years after a film documentary was made at Cambridge University.
9.00 Spike Milligan in Q7, written by Spike Milligan and Neil Shand.
9.30 The Water Margin.
10.15 Haitink Conducts Mahler: "Lively Arts" special (simultaneous with Radio 3 in stereo and quadraphony).
11.15 Late News on 2.

LONDON

9.30 a.m. Cartoon Time. 9.40 Documentary: "They Only Inherit." 10.25 "Incident on a *Dark Street*," *starring* James Olson. 12.00 The Wotsit from Whizz-Bang. 12.10 p.m. Rainbow. 12.30 A Ripe Old Age. 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Stars Look Down. 3.20 *Looks Familiar.* 3.50 *The Sullivans.* 4.20 Get It Together. 4.45 Magpie. 5.15 Sportscene.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Dave Allen.
7.30 The Streets of San Francisco.
8.30 Rising Damp.
9.00 The Last Campaign.
10.00 News.
10.30 Glad Day: "A Celebration for William Blake," by Adrian Mitchell, starring Jonathan Pryce.
11.30 Quincy.
12.25 a.m. Close: Debby Cumming reads about famous men and women.

All IBA Regions as London except at the following times:—

ANGLIA

9.25 a.m. Funky Phantom. 9.50 Welcome to the Ceilidh. 10.15 UFOs. 10.40 Cardiff Festival of Choirs. 11.35 Nobody's House. 1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Today Mexico, Tomorrow the World. 6.00 About Anglia including Police Call. 7.30 Movin' On. 11.30 The Prisoner. 12.30 a.m. Christians in Action.

ATV

10.15 a.m. The Secret Pony. 10.40 Nobody's House. 11.05 Puzzle Party. 11.30 Jam. 11.55 The Adventures of Parsley. 1.20 p.m. ATV Newsdesk. 3.20 Upstairs, Downstairs. 5.15 Mediterranean Adventure. 6.00 ATV Today. 7.00 The Squirrels. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.30 Bearcats.

BORDER

9.50 a.m. Welcome to the Ceilidh. 10.15 UFOs. 10.40 Cardiff Festival of Choirs. 11.35 Nobody's House. †1.20 p.m. Border News. 2.00 Houseparty. 5.15 Indoor League. 6.00 Lookaround Tuesday. 7.00 Bless this House. 7.30 Dave Allen and Friends. 8.00 Charlie's Angels. 11.30 Baretta. †12.25 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 5.15 The Flintstones. 6.00 Report at Six. 7.00 Treasure Hunt. 8.30 Dave Allen. 10.28 Channel Late News. 11.30 Dan August. 12.25 a.m. Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.45 a.m. First Thing. 9.50 A Life on the Junks. 10.15 Documentary: UFOs. 10.40 Cardiff Festival of Choirs. 11.35 Nobody's House. 1.20 p.m. Cartoon Time. 2.00 "High Society," starring Bing Crosby, Grace Kelly and Frank Sinatra. 5.15 Wings 'n' Things. 6.00 Cartoon Time. 6.10 Out of Town. 7.30 Thingummyjig. 11.30 Reflections. 11.35 Police Woman.

GRANADA

†9.30 The Munsters. 9.55 Cartoon. 10.05 Men of the Sea. 10.50 The Woody Woodpecker Show. 11.15 Animated Classics. 1.20 p.m. This is Your Right. 3.20 Mr. and Mrs. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Rolf Harris. 11.30 Police Woman.

HTV

9.50 a.m. Welcome to the Ceilidh. 10.15 UFOs. 10.40 Cardiff Festival of Choirs. 11.35 Nobody's House. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Ouch! 7.30 The Bionic Woman. 8.30 Cuckoo in the Nest. 11.30 Executive Suite.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Y Marchog Glas a'r Gaethferch. 4.30-4.45 Symud y Post. 6.00-6.15 Y Dydd. 10.30 Y Flwyddyn. 11.30-12.15 a.m. The Malvern Enigma.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 a.m. The Electric Theatre Show. 10.15 Cartoons. 10.30 Feature Film: "Rockets Galore," starring Jeannie Carson, Donald Sinden and Roland Culver. 12.30 p.m. Sounds and Sweet Airs—Kenneth McKellar talks to Ally MacLeod. 2.00 Feature Film: "High Society," starring Bing Crosby, Frank Sinatra and Grace Kelly. 5.20 Crossroads. 6.00 The Record Makers—Vince Hill. 7.00 The Muppet Show—Peter Sellers. 7.30 Dave Allen. 8.00 John Curnow—Novello. 10.30 Late Call. 10.35 Jazz Concert—Salena Jones. 11.05 Feature Film: "The Savage Guns," starring Richard Basehart.

SOUTHERN

9.35 a.m. Sean the Leprechaun. 9.50 Welcome to the Ceilidh. 10.15 UFOs. 10.40 Cardiff Festival of Choirs. 11.35 Nobody's House. 1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Elmer's Pet Rabbit. 5.20 Crossroads. 6.00 Day by Day. 7.00 Bless This House. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.30 Southern News Extra. 11.40 The Practice.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 9.30 Anna. 9.50 Welcome to the Ceilidh. 10.15 U.F.O.s. 10.45 Cardiff Festival of Choirs. 11.35 Solo One. 1.20 p.m. North East News and Lookaround. 3.20 The Mary Tyler Moore Show. 5.15 A Day To Remember. 6.00 Northern Life. 7.00 The Squirrels. 7.35 Dave Allen and Friends. 8.00 Charlie's Angels. 11.30 Pro-Celebrity Snooker. 12.15 a.m. Epilogue.

ULSTER

9.50 a.m.-12.00 As Anglia. 1.20 p.m. Lunchtime. 3.20 Mr. and Mrs. 4.18 Ulster News. 5.15 Lassie. 6.00 Ulster TV News. 6.05 Crossroads. 6.30 Reports. 7.00 Survival. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.30 Pro-Celebrity Snooker.

WESTWARD

9.50 a.m. Welcome to the Ceilidh. 10.15 U.F.O.s. 10.40 Cardiff Festival of Choirs. 11.35 Nobody's House. 12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 The Flintstones. 6.00 Westward Diary. 7.00 Treasure Hunt. 8.30 Dave Allen. 10.28 Westward Late News. 11.30 Dan August. 12.25 a.m. Faith for Life.

YORKSHIRE

9.45 a.m. A Big Country. 10.25 Mumbly. 10.30 The Lost Islands. 11.00 Run, Joe, Run. 11.30 Clue Club. 1.20 p.m. Calendar News. 3.20 Houseparty. 5.15 Indoor League. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Squirrels. 7.30 Dave Allen. 8.00 Charlie's Angels. 11.30 Police Woman.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 It's D.L.T. OK! including 5.30 Newsbeat. 7.00 Folk 78 (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2: 6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought and 7.02 Cricket—Second Test: Pakistan v. England (report). 7.32 Terry Wogan (S) including 8.02 Cricket—Second Test (further news), 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Cricket: Second Test (teatime report). 10.03 Jimmy Young (S) including 12.00 p.m. Cricket—Second Test (report). 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 On The Third Beat (S). 8.02 Our Gracie's 80! A birthday tribute to Gracie Fields (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Beat the Record. 10.30 Kenneth McKellar says Be My Guest. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

† Medium Wave only

(Q) Quadraphonic broadcast

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S) (VHF only from 7.28). 17.30-18.00 Cricket. Second Test Pakistan v. England (second day). 8.00 News (VHF only). 8.05 Morning Concert (S) (VHF only). 9.00 News (VHF only). 9.05 This Week's Composer: Haydn (S) (VHF only). 10.00 Holiday Special (S). 10.20 Academy of the BBC (S). 11.15 Oboe Quartets and a String Trio (S). 12.05 p.m. Cardiff Mid-day Prom, part 1: Glinka, Shostakovich (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Mid-day Prom, part 2: Rachmaninov (S). 2.05 Beethoven from Bristol (S). 3.00 Settings of Byron (S). 3.45 A Little Light Music (S). 4.45 Mendelssohn piano recital (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Work and Training. 7.30 Bournemouth Sinfonietta, part 1: Handel, Haydn (S). 8.05 A Self-Portrait. 8.25 Bournemouth Sinfonietta, part 2: Stravinsky, Mozart (S). 9.15 Haydn and Beethoven piano recital (S). 10.15 Haitink Conducts Mahler (S and Q) (simultaneous with BBC-2 television). 11.15 Daniel Defoe (reading). 11.05 News. 11.50-11.55 And Tonight's Schubert Song (S).

RADIO 4 — 434m, 330m, 285m and VHF

6.35 a.m. Up to the Hour. 6.52 Regional News (VHF). 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today including news headlines, weather, papers, sport. 8.45 The Best of Bierce. 9.00 News. 9.05 Tuesday Call (Care of house plants). 10.00 News. 10.05 Round Europe Quiz. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Mountains Sometimes Allow You to Climb Them. 12.00 News. 12.02 p.m. You and Yours Home and Family. 12.29 Desert Island Discs. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 The Pickwick Papers (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity (S). †5.55 Weather, programme news (VHF) Regional News. 6.00 News including Financial Report. 6.30 The Burkiss Way. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Bournemouth Sinfonietta (as Radio 3) (S). 9.15 Dear Willie Hamilton: Selection of letters he received in 1977. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 The Enthusiasts, part 1: The Ferndale Homing Society. 11.00 A Book at Bedtime: "The Spy Who Came in from the Cold," by John Le Carre, part 1. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 News Extra. 9.30 London Live. 11.03 In Town. 12.03 p.m. Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen (as Monday). 7.30 In Town (as 11.03 a.m.). 8.30 All That Jazz. 10.03 Late Night London. 12.00-close As Radio 2.

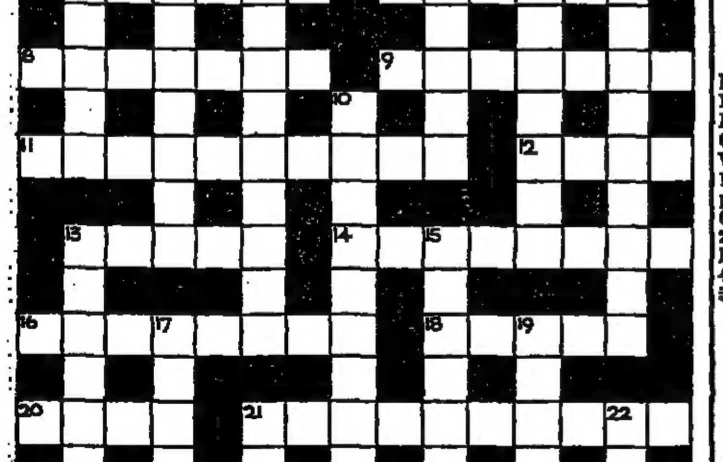
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M. with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 O'Clock Call. 8.00 After 8—with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash with Cash On Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 London Today with Bryan Wolfe and Pam Armstrong (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's rock programme (S). 11.00 Tony Myatt's Late Show. 2.00 a.m. Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,557



ACROSS

1 Surprised expression over prohibition on being still at sea (4, 2)
4 Distant from marine creatures (6)
8 Supervise position of bishop (7)
9 Pump individual joining National Front in the small hours (7)
11 Stop hiding chance to insure (5, 5)
12 Idiot caught by chance (4)
13 Act to re-fashion a surplice (5)
14 Final drink going on ahead (8)
16 Obvious eye-opener twice protected *inventor* (8)
18 Memorable place in Texas after the manner of the doctor (5)
20 Report on hair style (4)
21 Supporter on bread line is a long way behind winner (4, 6)
23 Lost tin that could contain cheese (7)
24 Tiny room, love, is near (5, 2)
25 Meal is about over (6)
26 Floor of the House (6)

DOWN

1 Possess the right to talk nonsense (5)
2 Another version of Virginia smiling cheerfully (7)
3 Ditch worker for being forthright (9)
5 Fairer for magistrate handing out punishment? (5)
6 Sick in charge—it could be unlawful (7)
7 Awkward matter excited Murphy (3, 6)
10 Unruffled course of just a singer (4, 5)
13 Letter of testimonial (9)
15 Sward *for informer* to mark out (5, 4)
17 Drink for poacher on short flight (3, 4)
19 Current caught by employer of plaintiff (7)
21 Peter initially noted debts were religious (5)
22 A pussyfoot in New York looks smart (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Patrick Wheatley and Denis Dowling

Cottesloe

The Hunchback of Notre Dame

by B. A. YOUNG

Following the admirable fashion of involving the audience as closely as possible in the action, Michael Bogdanov, the director of Ken Hill's adaptation of Hugo's *Notre Dame de Paris*, brings his company into the aisles long before the play begins. Even then it's another 20 minutes before the house-lights go down, for first we have the ugly face competition for volunteers from the house, a competition that Quasimodo, hideous scars and matted hair hiding Bill Wallis beneath, gate-crashes and wins hands down.

The play is said to be "for adults (over 12)," and there is certainly a good deal of sophistication about the fun, with references to religious, political and (though never offensively) sexual affairs and the presentation of an uncommon quantity of cruelty and death. Let this not distress anyone, for such matters are dealt with only as material for laughter. The principle is that employed in such entertainments as Tom and Jerry cartoons, where the infliction of appalling but unbelieveable torment is almost the sole content of the jokes. Quasimodo is savagely flogged at one point, but the executioner (Timothy Davies) treats his performance in such a friendly way as to drain most of the horror out of it. There are almost as many corpses on stage in the last scene as in *Hamlet*.

Fun is the keyword, not horror. The style seems so casual that you might imagine the business made up as it went along—Cringoire (Joss Buckley), for instance, calling to the violinist in the balcony to stop his sentimental music when the mood is relinquished—but the acting in every part is the most expert in any Christmas show I've seen this year.

Hugo's story serves only to establish that Notre Dame (designed by Paul Bannister with crenellated balcony, a bell and a sinister rose-window) contains a wicked priest (James Carter) and a hunchback, that the sewers of Paris house a band of thieving beggars captained by the enchanting David Rappaport, all three feet of him, and that the gipsy girl Esmeralda (Morag Hood, acting, singing and dancing delightfully) turns out to be the long-lost child of the penitent Sister Gudule, who has spent the evening in a vast bird-cage over the audience throwing abuse and stale food at the actors.

The play seems to end with Esmeralda swinging from a gibbet, priest and hunchback dead on the floor, and the heroic soldier Phoebus (Ian Charleson with his tongue neatly in his cheek), happy to ride off on his magnificent white steed with Fleur (Sarah Simmons), forgetful of the whole business. But in deference to public opinion the last scene is played again, and this time Quasimodo, miraculously restored to comeliness, marries the gipsy as Gudule, released from her cage, smiles over them.

It's a pity Mr. Bogdanov doesn't take his respect for public opinion a stage further and cut out the words that the children in the audience are going to take away with them. Whatever it says in the programme, the over 12s may well be accompanied by their younger siblings, and to ask them to join the chorus of a song that runs "Bums and tits, bums and tits, 20 times a day," is lunacy.

Without stopping to think, I could name half a dozen parents who would deny their families the many joys of this production on that ground alone.

Bill Wallis

Coliseum

From the House of the Dead

by ELIZABETH FORBES

At first glance an opera based on Dostoievsky's gloomy masterpiece, the semi-fictional account of his own experiences in a Siberian prison, is not the most inspiriting work with which to usher in the New Year. But Janacek's *From the House of the Dead*, revived by the English National Opera on Friday, is not at all depressing. On the contrary, while he in no way mitigates the despair, the grim harshness and squalor of the novel, Janacek cannot suppress the compassion that suffuses his music and which illuminates an otherwise blackly pessimistic text—his own adaptation—with hope.

Colin Graham's production, unseen since a decade ago at Sadler's Wells, is even more shattering than memory recalled, while Ralph Koltai's bleak sets adapt well to the larger stage of the Coliseum. Only the prison hospital in the first scene of the third act has lost some of its former claustrophobic effectiveness. The convicts' amateur theatricals at Easter come across with particular vitality, the undercurrents of violence menacing beneath the boisterous high spirits. Individual narrations of prisoners, which form so large a part of the opera's subject matter, are skilfully integrated into the dramatic unity.

Musically, too, the innumerable and diverse themes are combined into a marvellously clear, homogenous, but never bland orchestral texture by Charles Mackerras, whose love and admiration for Janacek have inspired so many fine performances of the Czech composer's works. But despite this lucidity and a generally careful balance between pit and stage, far too many of the words of Dennis Arundell's translation are lost. Nearly all the singers are tackling their roles for the first time and clarity of diction will no doubt improve with each performance.

Gregory Dempsey, one of the few survivors from the production's original cast, is a powerful Skuratov—no difficulty in understanding his words — while Denis Dowling remains impressive as the sadistic prison Commandant. Emile Belcourt, usually so punctilious about pronunciation, does not make enough of Luka Kuzmich's first-act monologue, nor does Geoffrey Chard manage to render Shishkov's even longer third-act narration wholly intelligible. No one who has not read the programme can be aware that the paths of these two convicts have previously crossed.

Goryanchikov, the political prisoner who represents Dostoievsky, is a fairly passive character, and Patrick Wheatley has not yet the experience to make him more positive, but his farewell to the young Tartar prisoner, Alyeya (convincingly played by Sandra Dugdale) is moving. Alan Opie, as Chekunov, romps through the part of Don Juan in the two mimed plays, and Stuart Kale contributes a memorable sketch as Shapkin, his enunciation the clearest of anybody's. The male chorus sings with greater involvement than in any previous production this season.

Wigmore Hall

Fujikawa and Roll

by DAVID MURRAY

Though she has made ner name in international competitions, Mayumi Fujikawa's choice of programme for Sunday evening suggested an essentially lyrical player—violin sonatas by César Franck and Prokofiev and Schubert's Grand Duo in A: no obvious display pieces, difficult though the Prokofiev (his so-called "First") is.

Miss Fujikawa had the pianist Michael Roll as a fully equal partner, to the considerable benefit of all three works, none of which should be entrusted to a workaday accompanist.

The Schubert fulfilled one's expectations at once, and very happily. At her first entry, Miss Fujikawa took up the theme and carried it tenderly straight through its whole paragraph without a second breath. All her melodic playing proved to be like that—long-lined, shapely and serenely confident. And she was no less sweet-toned and fresh in the Scherzo and the Finale, which sparkled lightly.

The emotional climate of the Prokofiev F minor Sonata is worlds away, but Miss Fujikawa penetrated it by sheer sincerity (and with fine technical aplomb). It is a strange, clouded work, and she and Roll dispelled any hint of mere perversity in it. Roll was admirably decisive in dealing with its most ambiguous passages.

Their account of the ultra-familiar Franck sonata was as impassioned as it was assured, unusually searching and unhurried in its last two movements. Miss Fujikawa made something memorably piercing of the big tune which occurs in both of them—her unerring attack on such broad phrases was one of the particular joys of her playing. Roll's part sported some enthusiastic inaccuracies, but the scale and muscularity of his treatment again made virile support for his partner.

Muhammad Iqbal exhibition

Although the name is still not widely known in the West, Muhammad Iqbal (1877-1938), whose centenary is being marked by an exhibition in the British Library from January 6 to April 2, has long attracted the attention of Western scholars of Islamic philosophy and literature and most of his major writings have now been translated into at least one European language.

On display here for the first time outside Pakistan will be selections from the original manuscripts of many of Allama Iqbal's works, in his own handwriting. These have been made available by the Government of Pakistan, which recently acquired them for the nation from Iqbal's son, together with his house in Lahore.

The exhibition has been arranged by the British Library's Department of Oriental Manuscripts and Printed Books.

Wigmore Hall

The English Concert

by RONALD CRICHTON

The last of the four Wigmore Hall concerts given by the English Concert, the group directed with such address by Trevor Pinnock, filled the house on Thursday for a seasonable programme. And a pleasant, gentle way it was of coming back to life after the holiday break, even if by the end of the programme the ears did feel over-stuffed with Christmas chords.

Bach (the D minor concerto for two violins) and Handel (the F major Organ Concerto, op. 4 No. 5) were surrounded by Corelli ("per la Notte di Natale"), the Pastorale "per il Santissimo Natale" from Manfredini's C major Concerto Grosso, "Winter" from Vivaldi's *The Seasons* and that master's op 8 No. 11 in D minor, which seemed to be sparkling with hoar-frost for the occasion.

Contemplation of the manger did not invariably bring out the best in Baroque composers. Their responses, and their ideas of landscape, were perhaps too readily formalised. None of the pretty pieces heard on Thursday was so evocative as the pastoral music written (often on distinctly profane subjects) by Bizet, Gounod, Berlioz and Liszt in the 19th-century.

The playing on Thursday may have had something to do with it. The fast movements, light, crisp and glinting, went beautifully. The movement of the music up and down the page in the finale of the Bach was almost tangible. In the slower pieces one began to have doubts, not concerning the wisdom of using period string instruments, but concerning the way these ones were played.

This is difficult for a non-player and non-expert to describe—something to do with that glassy, dragging sound that comes in sustained notes soon after the attack, when the player seems to press in an attempt to compensate for the (by modern standards) comparative lack of volume obtainable from a Baroque bow on a Baroque violin. Once noticed, this becomes terribly irritating. Is it really necessary? When played softly, without pressing, the sound carries perfectly well.

With that reservation the playing of the soloists from the orchestra — Simon Standage, John Holloway, Monica Huggett, Alison Bury and, especially, the cellist Anthony Pleeth—was full of good things, although Mr. Standage rushed some of "Winter." Mr. Pinnock presided alternately from harpsichord and chamber organ, playing the solo part in the Handel most sweetly.

Incidentally, Vivaldi's great if repetitive talents stand out much more sharply when he is represented by one or two works in a mixed programme than in a one-man scheme.

Paris Theatre

The Russians are coming

by OSSIA TRILLING

The long-awaited invasion of the West by Moscow's foremost theatre, On the Taganka, is over. Yuri Liubimov's reputation as Russia's pre-eminent director-manager has withstood the test of critical and public acclaim, as the full houses at the Theatre National de Chaillot testified. One question remains. What could have been the thinking of his masters in the Kremlin when they repeatedly turned down Sir Peter Daubeny's invitations to Liubimov and his splendid actors to take part in the World Theatre Seasons?

Liubimov's spiritual models, Stanislavsky, Meyerhold, Vakhtangov and Brecht, reproduced in large poster-portraits in the foyer both at home and, now, abroad, point to his method. All are considered quite acceptable, especially since Stalin's death. Why Liubimov was not allowed to show his Brechtian-Meyerholdian repertoire to capitalist audiences before remains something of a mystery, but at least that's all over now. The theatre will be visiting the U.S. this year, although Britain is still left out in the cold.

The four plays staged in Paris have stood the test of time extremely well. John Reed's *Ten Days that Shook the World*, first seen 12 years ago, "a popular spectacle with pantomime, circus, fireworks, and rifle-shots," is just that, with a cost of more than 50. Most of them reappear in Liubimov's version of Gorki's *Mother*, for which unusually well-drilled local supernumeraries have been recruited as soldiers. These act as scenic background to most of the events, marking-time, marching up and down, and carrying out all sorts of barrack-square manoeuvres with exemplary precision, as the young-looking Zinaida Slavina, without make-up, brilliantly and movingly suggests middle-age and the process of aging, bodily and spiritually, as the truth of Tsarist repression dawns on her.

Various theatrical genres from political cabaret to psychological realism are blended into a homogenous whole in a manner few directors have succeeded in creating so skilfully. Even the didactic *Hark! Mayakovsky!* which uses the dead poet's poems and speeches to re-create the man the spirit of his times grips the imagination as firmly as the plays with stronger story line.

Among the numerous visual effects, none is so telling as the blinding curtain of sloping light emanating from below-stage from where the footlights should be. The harnessing of intricate stage-lighting effects to both technical and phychological ends is most impressive in *Hamlet*, especially when actors are systematically spot-lit through stage-traps. In this play, the grave, with its small mounds of earth and ever-present grave-diggers, permanently downstage-centre as a symbol of mortality, and the legendary, earth-grey curtain of homespun weave which almost steals the show from the players, also stick vividly in the memory.

The curtain, as wide as the stage, displays some versatility, acting as wall, backcloth, partition, as arras for spying or concealment, as throne, as table or chair, and above all as a giant broom to sweep the players willy-nilly hither and thither from one part of the stage to another.

Boris Pasternak's evocatively faithful and rhythmically stunning translation has been cut and trimmed or transposed to suit the interpretation. This pictures man as a pygmy, driven by inexorable forces against which he is free to struggle if he will—or, in the amplified words that end the evening after Hamlet's death (Fortinbras, as in Olivier's film, having been totally eliminated): "What is a man . . . if his chief good . . . be but to sleep and feed . . . a beast, no more!"

OVERSEAS NEWS

Ecevit set to establish new Turkish coalition

BY METIN MUNIR ANKARA, Jan. 2.

MR. BULENT ECEVIT, leader of the Social Democrats, who was designated Turkey's Prime Minister yesterday, has gained sufficient support to form a coalition government, it was learned by the Financial Times here to-day.

Public support has been pledged to him by 11 independent deputies and by the Right-wing Democratic Party (DP) which has one deputy. Although not saying so publicly, the Republican Reliance Party (RRP) (also Right-wing) is reported to have decided to participate in the Ecevit coalition with its two deputies.

These would give Mr. Ecevit 14 votes to add to his 213 Republican Peoples Party votes in the National Assembly, putting him one vote above an *absolute majority of 226*.

The price of this outside support will be high, according to the sources. In exchange for their allegiance, Mr. Ecevit promised the independents ten Cabinet seats and the RPP two out of a total of 29 seats.

The Cabinet is expected to be announced within 48 hours and be approved by President Fahri Koruturk. It is virtually assured of a vote of confidence in the National Assembly.

Mr. Ecevit's Government will have two vital characteristics which will tint its administration. It will be a union of Social Democrats and conservatives and it will rest on a very slim majority. It is expected that none of these will make it easy for Mr. Ecevit to take radical measures.

The tripartite coalition under Prime Minister Suleyman Demirel was forced to resign last Saturday when Mr. Ecevit successfully engineered a vote of no confidence against it in the Assembly. His RPP was joined by the group which is going to construct his new government to throw Mr. Demirel out. The vote was 228 against and 218 for Mr. Demirel who then resigned.

The Demirel coalition, in power for 26 months before last June's elections and five months after it, had lost its majority in the Assembly when 12 deputies quit Mr. Demirel's Justice Party (JP). Eleven of these are going to support Mr. Ecevit.

One of the problems that Mr. Ecevit is bound to face is the stiff and angry opposition of the three parties which made up Mr. Demirel's coalition.

The government change in Turkey comes at a time when the country is suffering from acute economic and social problems and facing a host of foreign policy questions.

If he does win a vote of confidence Mr. Ecevit will have to complete negotiations, and sign an agreement with the IMF. He will have to prepare a programme of economic austerity measures to supplement the one that the outgoing government had started and will probably devalue the Turkish lira by about 20 per cent.

Sabotage suspected on Air India crash

By David Housego BOMBAY, Jan. 2.

THE Indian navy to-night felt that it had found the main wreckage of the Air India Boeing 747 that crashed last night shortly after take-off from Bombay killing 213 passengers and crew.

By dusk helicopters and patrol vessels had recovered 17 bodies. The wreckage is thought to be in shallow waters about two miles offshore.

Sabotage is widely suspected to have been the cause of the accident though officials declined to comment on this. According to eye witnesses there was a massive explosion before the aircraft tumbled into the sea. Radio contact was lost moments after the pilot acknowledged a request to report when he had climbed to 8,000 feet. The aircraft was less than three minutes out from the runway on a scheduled flight to Dubai.

Bombay airport, which has a reputation for lax security in checking passengers, was where the four members of the Japanese Red Army who hijacked a JAL airliner to Dacca in November boarded the aircraft, though this has never been officially acknowledged by the Indian authorities. Security staff have no X-ray equipment.

Divers are searching for the flight data and voice recorder in an effort to establish the circumstances of the crash. They are also seeking to confirm the exact location of the wreckage.

Gandhi seals party split

BY K. K. SHARMA NEW DELHI, Jan. 2.

MRS. INDIRA GANDHI to-day finally took the plunge she has been threatening for the last three months and declared her faction in the Congress Party the "real Congress" thus putting the formal seal on the split that has been evident in the organisation for many weeks.

By this step, Mrs. Gandhi not only threw the battered Congress into turmoil but also opened the way for a fresh realignment of Indian politics.

This is now possible because the section in the Congress that no longer bears the stigma of being in the same party as Mrs. Gandhi—and hence share the blame for the abuse of power by her and her son, Sanjay, during her emergency rule—and so can think in terms of joining with their erstwhile colleagues now in the ruling Janata Party.

The Janata Party was formed by the merger of five parties before the March general elections in which Mrs. Gandhi's Congress Party was trounced. But the five are in reality functioning as separate entities and severe strains have developed in relations between them. At least three of the five groups have former Congressmen as members and there is considerable speculation that they will align themselves with the Congress Party from which Mrs. Gandhi has broken away.

This is not imminent but the politicians concerned are watching the manoeuvrings in the Congress with interest. For the present Congress stands *formally divided, for the second time in less than a decade* (Mrs. Gandhi having first split the Party in 1969) and the two sides are still sniping at each other.

Mrs. Gandhi's formal announcement that her followers constituted the "real Congress" was made at the "National Convention for Congressmen" which has been meeting since yesterday after repeated failures to force the Congress president to give the former Prime Minister a dominant position in the organisation. Mrs. Gandhi was declared "elected" as the "President of the Congress."

Reacting sharply to the development the Congress President, Mr. Brahmananda Reddy, declared that the Congress headed by him is the "lawful body of Congressmen" and a tussle for the Party label is expected.

Meanwhile, the Janata Party itself got a jolt to-day when the Marxist wing of the Communist Party swept to power in the strategic state of Tripura in North-East India. The Marxists *who were allies of the Janata in the general election and later in the June poll in Northern states*, have now established strongholds in West Bengal and Tripura and have become a major force to contend with in Eastern India.

The Janata Party has been trounced in Tripura where it formed a coalition with the Marxists after June. This broke up following differences between the two and the Tripura results are bound to increase the Marxists' determination to seek more powers for the states from the central government.

Iran threat to Ethiopia

By Andrew Whitley TEHERAN, Jan. 2.

THE SHAH has warned that Iran would not stand idly by should Ethiopia attack Somalia's recognised borders. The warning follows the report during President Siad Barre's visit to Tehran last week that Ethiopian aircraft had bombed Somali towns.

The Shah did not elaborate on what Iran might do, but diplomatic observers feel that it would *certainly begin immediately* to supply heavy weapons to Somalia, and an expeditionary force with air cover might also be sent in.

In taking this stance, the Shah has the clear backing of the U.S., which hitherto has restricted Iran's aid to Somalia to light arms deliveries. According to a senior American official, there had been a "substantial identity of views" on the subject following President Carter's New Year's Eve visit here.

Before taking any action, however, Iran will apparently try to mediate in the Horn of Africa. The primary task, the Shah said, was to create direct contacts between Ethiopia and Somalia to stop the fighting and start peace talks.

Reuter reports from Nairobi: Somali radio said to-day that 13 people had been killed and 33 injured in an attack on a small border town by two Ethiopian jets.

The radio, monitored in Nairobi, said the two American-built F-5 jets attacked the town of Tug Wajale last Friday.

Friday's raid was the third air attack reported by the Somalis in December. Ethiopia has not acknowledged any of the attacks.

Warning on Portugal's economy

By Diana Smith LISBON, Jan. 2.

PORTUGAL'S President Ramalho Eanes, unsmiling, warned last night that Portugal's economic crisis was reflected in an "already intolerable trading deficit, which demands dangerous *recourse to outside credit*—(credit steadily more difficult to obtain)—or sale of our gold reserves."

Sternly, President Eanes called on every Portuguese citizen to shoulder his responsibilities, furthermore, he demanded urgent reform of the civil service. "This far-reaching reform, plus open yet objective, well-founded criticism by the media will," he said, "help to eradicate the persistent virus of corruption from the state machine."

Meanwhile, Sr. Mario Soares, the prime minister told Portuguese radio, "I am doing my best to put a Government together."

Soviet hope over S.E. Asia dispute

BY OUR OWN CORRESPONDENT MOSCOW, Jan. 2.

THE Soviet Union, cautiously *supporting* Vietnam in its border argument with Cambodia, hinted to-day that it hoped the issue could be damped down without becoming a major quarrel among Communist lodge brothers.

The World Peace Council, a Helsinki-based Soviet front organisation, issued a call for negotiation of "disputable issues" and emphasised the "international solidarity" of the Peace Council with the peoples of both Vietnam and Cambodia during the "years of liberation struggle against colonialists and American aggressors."

The World Peace Council is one of a number of ostensibly private groups reflecting Soviet policy which are used to comment on issues on which the Soviet Government does not wish to be publicly pinned down.

Soviet priorities are clear in Indochina. It enjoys good relations with Vietnam and has no diplomatic ties at all with Cambodia. It had apparently been courting Phnom Penh in recent months, publishing several press commentaries describing the Communist regime there as progressive, but there had been no sign that its overtures had found any response.

Our Foreign Staff adds: Vietnam has repeated its view that Cambodia is solely responsible for the fighting in the border dispute between the two countries which led to Cambodia breaking off diplomatic *relations temporarily with its* Communist neighbour. It has reaffirmed, however, its readiness to negotiate with Cambodia to maintain friendly relations.

An editorial in the official Vietnamese newspaper Nhan Dan over the week-end said Cambodian forces had inflicted "innumerable losses in lives and property" on the Vietnamese people. But it added that "genuine friendship" would prevail between the two countries.

Andreotti in crucial talks

By Paul Betts Rome, Jan. 2.

WITH THE end of the so-called "Christmas truce," Italian political parties and trade union leaders are to hold, during the next few days, a series of crucial meetings, which could well decide the fate of the 18-months-old minority Christian Democrat Government of Sig. Giulio Andreotti.

The country's three big labour confederations are scheduled to meet later this week to decide whether to call a general strike against the Government's economic policy. But although on the surface the present confrontation is centred on the Government's revised 1978 budget the issue is fundamentally a political one.

USSR lags well behind U.S. in technology

BY DAVID FISHLOCK, SCIENCE EDITOR

THE USSR would find it as difficult as Britain in trying to wrest world technological leadership from the U.S., a leading British Sovietologist forecasts in an analysis published to-day.

But the USSR, East Germany, Czechoslovakia and Japan will all create multinational organisations to lead the world in some narrow fields, concludes Professor Peter Wiles, Professor of Russian Social and Economic studies at the London School of Economics.

The U.S., however, would be "idiotic" to lose sleep over these organisations because particular leads could always be retrieved, says Professor Wiles, writing in the latest issue of Lloyd's Bank Review.

Similarly, although there will be a constant danger of a Soviet breakthrough in a particular line of military development, there is no danger of the USSR challenging U.S. leadership as a whole.

Unless the USSR used its breakthrough immediately in a final battle, the U.S. would always be able to regain leadership in military technology too.

Thus the real threat lies in the quantity, not the quality, of Soviet weapons and the far greater Soviet willingness to use them rationally and wholeheartedly," says Professor Wiles.

Carter seeks to mollify Sadat

BY ROGER MATTHEWS CAIRO, Jan. 2.

PRESIDENT JIMMY CARTER has scheduled just 45 minutes of talks with Egypt's President Anwar Sadat on Wednesday, it was stated officially here to-day. The two men are to meet in Aswan when the U.S. President makes a 75-minute stopover on his flight from Saudi Arabia to Paris.

Although the officially expressed American purpose behind the visit is "to discuss whether the Middle East peace process can be extended to more moderate Arabs," the brevity of the talks seems to confirm that President Carter is primarily concerned with re-establishing a wholly amicable relationship with Mr. Sadat.

The Egyptian President repeated in a magazine interview yesterday that "great efforts would be needed to overcome the obstacles created by Mr. Carter's remarks."

This was another reference to statements made by Mr. Carter last week in which he opposed the creation of an independent Palestinian state on the West Bank of the River Jordan, which is one of the prime demands of the Egyptian side in its negotiations with the Israelis. There was disappointment here not just at the "inopportune" timing of the statement, but at the unnecessary degree of support it appeared to give to the Israeli proposals which had already been rejected by Mr. Sadat at the Christmas Day summit with Mr. Menahem Begin, Israel's Premier.

King Hussein said in a television broadcast that he would be prepared to join the Middle East peace negotiations "wherever an opportunity does arise where we feel that we can act in a more constructive way."

But he stressed that no settlement was possible until Israel agreed to withdraw from all Arab territory occupied in 1967.

Mr. Sadat is expected to impress on Mr. Carter again the necessity of the U.S. using all its leverage on Israel to extract concessions. This would be essential if King Hussein of Jordan is to be brought into the dialogue at some future date.

Ihsan Hijazi adds from Beirut: Palestinian guerillas have begun moves to reassert themselves in face of U.S. and Israeli rejection of an independent Palestinian state.

A show of force and rallies have been staged here which were marked by open threats to American interests in the Middle East and warnings that no Arab country is immune against a new blow-up in the region.

Donald Woods 'unrepentant'

By Quentin Peel JOHANNESBURG, Jan. 2.

AN unrepentant Mr. Donald Woods, the banned South African newspaper editor who fled the country at the week-end, declared to-day that his first action in exile would be to publish a book on the life and death of Mr. Steve Biko, the black activist and his personal friend, who died in security police detention last year.

Speaking from Maseru, the capital of Lesotho, where he arrived on Saturday after swimming a river border with South Africa, Mr. Woods said "that a major reason in his quitting the country was the silencing order which prevented him answering the charges of the South African Government. The same order prevented him working as a journalist or publishing any written material.

Zambia lifts food subsidies

IN THE latest of a series of warnings preparing Zambians for an austerity year ahead, President Kenneth Kaunda announced over the week-end that the prices of some commodities, including bread and other foodstuffs, would have to go up because the Government could no longer afford to subsidise them, Michael Holman writes from Lusaka.

The President was speaking at the sale of 1978 membership cards of the ruling United National Independence Party at Lusaka's Mulungushi Hall on Sunday. Due to the slump in copper prices, said Dr. Kaunda, the Government could not continue its present level of subsidies and some would have to be withdrawn. He gave few details of the measures, but picked out bread as one example.

Zia's budget

Pakistan's military ruler General Zia-Ul Haq has taken what he describes as "unavoidable measures" to correct an imbalance in the 1977-78 Budget which he inherited from the deposed Prime Minister Mr. Zulfikar Ali Bhutto, Simon Henderson writes from Islamabad.

Addressing a news conference at Rawalpindi to-day he announced heavy increases in duty on luxury items like cars, air conditioners, refrigerators and colour televisions, as well as a 10 per cent. surcharge on income tax. He said measures were being taken to reactivate growth in the economy and to contain prices.

WORLD TRADE NEWS

World trade in coal may be doubled by mid-1980s

BY JOHN LLOYD

A DOUBLING of the world coal trade by the mid-1980s is forecast by Mr. M. J. Parker, the director of the National Coal Board's Central Planning Unit.

Current world trade (total exports, including intra-Comecon and intra-EEC movement) is just over 190m. tonnes.

Writing in the NCB's quarterly bulletin, "Coal and Energy," Mr. Parker says that coking coal—most of which is used in the iron and steel industries—dominates world trade.

An increase in coking exports would depend on the future of the steel industry, world wide. Forecasts of the health of the industry are mixed.

"Developed economies show declining 'steel intensity.' Once they reach certain high levels of wealth, economic development is more concentrated in the less steel-intensive service sectors.

"On the other hand many developing countries are keen to develop their own steel industries," he said.

Developing markets for coking coal are likely in South Africa, China, Indonesia and North and South Korea.

In the longer term, steam coal (coal used in industry)—which accounts for 80 per cent. of world production, but only around 40m. tonnes of world trade—is seen as having good prospects for growth.

These prospects arise from:
● The impetus given to coal developments by the large increase in the price of oil, and expectations of further progressive increases later this century.
● The need to substitute coal for oil and natural gas in power generation and bulk steam-raising in industry.
● The desire of oil-importing countries, particularly the Western European States and Japan, to diversify their energy supplies.

The possible limiting factor on development of the trade is the availability of supplies and "the willingness of coal producing countries to increase their output faster than their domestic needs."

The major coal exporting countries will probably be Australia, U.S., USSR, Poland and Canada.

Record $2bn. year for Boeing

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING had one of its best-ever years in 1977, collecting orders for 226 jets world-wide, worth over $2bn. (over £1.23bn.), far outstripping all the other major jet manufacturers, U.S. and foreign.

Included in these deals were new orders for 40 Boeing 747 Jumbo jets, but the bulk of the new contracts were for the three-engined Boeing 727 short-to-medium range airliner, which is now the world's best selling jet, with orders for over 1,500 aircraft, of which over 1,300 have been delivered.

Further substantial Boeing jet orders are also in negotiation for the New Year. The Japanese Transport Ministry is reported to have approved a plan by Japan Air Lines to buy three Boeing 747s, a 747 freighter and also a third McDonnell Douglas DC-10 tri-jet for a combined total cost of $153m.

The Japanese domestic airline, All Nippon Airways, plans to buy three more Boeing 727s, three Boeing 747s and three Lockheed TriStars, while smaller internal airline, Nansei Koku, plans to buy two Boeing 737 short-range jets.

In the meantime, it is reported from Seattle that Boeing has agreed to an out-of-court settlement of a suit in Wilmington, Delaware, that in effect will tighten the company's rules and policies on paying commissions and agents' fees on foreign aircraft sales.

Under the terms of the settlement, reports AP-Dow Jones, Boeing must include in its instruction to sales agents or consultants a stipulation that both foreign and domestic laws must be complied with in payment of sales commissions and contingency fees.

The settlement followed an action brought by a Boeing stockholder, on the grounds that the company had paid out money rightfully belonging to stockholders.

A spokesman for Boeing, in a prepared statement, said Boeing had agreed in the out-of-court settlement "to reassure corporate responsibility with respect to political contributions, proper accounting procedures and control of sales consultants."

Boeing also agreed to pay about $90,000 for court costs and attorneys' fees. No monetary damages were involved. A dismissal hearing of the case, following the settlement, is due for February 3 in the Federal Court in Delaware.

Japanese duty on whisky to be assessed

By Kenneth Gooding

THE Scotch whisky industry will start the new year attempting to analyse how badly it will be affected by a decision by Japan the second-largest export market for Scotch, to increase liquor duties by 30 per cent.

The increase, to take effect from May 1, will add at least Y250 (roughly 53p) to a bottle of standard blended Scotch while premium brands will go up Y550 (around £1.20).

The duty rise will also affect Japanese whiskies but the Scotch whisky producers insist that their brands will suffer more than the local products.

Any calculations of the possible impact on price or demand are complicated by the Japanese decision to cut import duties on spirits. The import duty on Scotch will drop by 10 to 12 per cent. from Y392 to Y343 a litre.

Agents for Scotch whisky in Japan say that it is impossible to guess what might happen to Scotch in that market until final details of the changes in both import and internal liquor duties have been settled.

In the first nine months of 1977, Japan imported 2.87m proof gallons of blended, bottled Scotch whisky.

Swiss ban on third party trading with Rhodesia

BY JOHN WICKS ZURICH, Jan. 2.

THE Swiss Government has issued a ban, to take effect on January 1, on so-called "triangle" deals involving goods for or from Rhodesia.

Persons or companies resident or domiciled in Switzerland will from that date be forbidden to take part in transactions of this kind where the goods in question do not enter Switzerland.

This same ban applies to similar transactions involving the granting of loans or the transfer of money to Rhodesia.

Excluded from the ban are goods or funds for medicinal and educational purposes, books and publications and, in the case of humanitarian purposes, food.

These steps have been necessary in view of a rise in the volume of transactions between Rhodesia and UN countries in which Swiss-based intermediaries have played a part.

The Swiss authorities, to whom complaints have been made by the United Nations, have said they do not want the country to offer opportunities for the avoidance of the Rhodesian embargo.

The Swiss themselves, who do not belong to the United Nations, do not adhere to the embargo. However, for the past ten years trade with Rhodesia has been limited to the average *level of the years 1964-66 and has been declining substantially* in the recent past.

Italian pledge on textiles

By Our Own Correspondent ZURICH, Jan. 2.

THE Italian authorities have undertaken to end import procedures which were hindering the sale of Swiss textiles.

Within the framework of what Swiss government spokesman Cornelius Sommaruga called a "pragmatic" solution, Swiss textile shipments will, from the start of 1978 be subject to a new system in keeping with the Swiss-EEC free trade agreement.

Canadian credit for Poland

By Robert Gibbens

The Canadian Export Development Corp. is extending a $285m. line of credit to Poland for the purchase of Canadian goods and services over the next two years—covering sales of mining, chemical, electrical and marine equipment.

EDC has also made a financing agreement to support the sale of $52m. of Canadian equipment and services for the Kwidzyn pulp and paper mill complex in Poland. This is in addition to $172m. in financing already arranged for the supply of engineering, equipment and construction services for the project.

World Economic Indicators

TRADE STATISTICS

		Nov. '77	Oct. '77	Sept. '77	Nov. '76
U.S.A. $bn.	Exports	9.304	7.190	10.915	9.625
	Imports	11.386	17.287	12.631	11.282
	Balance	−2.082	−3.097	−1.715	−1.657
U.K. £bn.	Exports	2.657	2.777	2.899	2.226
	Imports	2.584	2.731	2.848	2.736
	Balance	+0.073	+0.046	+0.051	−0.510
W. Germany DMbn.	Exports	23.5	24.7	23.2	22.2
	Imports	20.4	19.9	19.5	19.2
	Balance	+3.1	+4.8	+3.7	+3.0
France Frs.bn.	Exports	27.698	28.038	26.992	24.433
	Imports	30.363	27.911	28.845	27.583
	Balance	−2.665	+0.127	−1.853	−3.150
		Oct. '77	Sept. '77	Aug. '77	Oct. '76
Japan $bn.	Exports	6.93	6.69	6.43	6.014
	Imports	5.08	4.99	5.29	4.885
	Balance	+1.85	+1.70	+1.14	+1.129
Italy Lirebn.	Exports	3.282	3.136	2.040	2.969
	Imports	3.745	3.348	2.781	3.289
	Balance	−463	−212	−741	−320

● NEWS ANALYSIS

Export challenge in Iran

BY LORNE BARLING

THE conclusion of a $37.5m. loan to Iran in support of a GEC power station contract can be regarded as a challenge for British companies hoping to win a larger share of the many highly-valued Iranian projects under consideration.

The financial agreement which has emerged from many months of negotiation by Morgan Grenfell and GEC has paved the way through Iran's complex administrative system for more deals of this kind, the negotiators believe.

However, Iran has already accepted buyer credits of this kind from other supplier countries, making it clear that Britain has lagged behind in the respect and now needs to take advantage of this new development.

Major projects, now in various stages of planning, include railways, power generation and transmission, petrochemical and gas plants, civil engineering and other capital projects.

The Export Credits Guarantee Department is now studying a number of proposals by British companies to bid for projects, although most are at an early stage. Morgan Grenfell also indicates that more deals are in the pipeline.

The GEC contract has nevertheless proved a protracted affair. After first being negotiated in 1974, problems arose due to changing economic circumstances in Iran. Then in early 1976 it became evident that Iran would consider borrowing for public sector projects, mainly to cover their offshore costs.

The need for power generating equipment had also become more acute, with power cuts even now being experienced in Teheran, and negotiations were reopened.

During this period there was also a major reorganisation of the Iranian purchasing structure, which before 1974 had been part of the Planning and Budget Organisation. As a result, it was often difficult to know which authority to deal with.

However, the Ministry of Economic Affairs and Finance took control and has substituted a tightly run, highly centralised structure which immediately made it plain that far greater detail and documentation on projects would be required in future.

Although the negotiators on the GEC deal have been beset by complexities, they give credit to a system which allows no short cuts and to the thoroughness of the Iranian administrators.

"Until someone got through the complexities, the market was not really open to U.K. exporters," Morgan Grenfell said. "It has not been an easy negotiation, but the way is now open."

The existence of a Morgan Grenfell office in Teheran has clearly been an important factor in the successful conclusion of the deal, and the bank hopes to see a good deal more business of this kind.

But there will inevitably be strong competition from other U.K. banks, and for British exporters from West Germany and Japanese contractors in particular.

Nearly all equipment for the new power station will be supplied from the U.K., with Clarke Chapman providing the boilers and Parsons Brown responsible for civil engineering. *Construction work will be carried out by* an Iranian company.

Moreover, with Iran now one of the few countries with an expanding power load growth, GEC is in a strong position for more orders, but much depends on the country's nuclear power programme and its ability to come on stream in time to meet the rising demand. Should there be problems or delays, Iran may need to fill the gap with more conventional systems and there will clearly be many contractors waiting on the sidelines.

$5m. bridge contract for Britain

By Metin Munir ANKARA, Jan. 2.

FREEMAN FOX and Partners of London have won a $5.2m. contract to prepare the project for a bridge to be built in Istanbul, to connect Europe with Asia over the Bosphorus, it was officially announced here.

Mr. Selahattin Kilic, the Minister of Public Works, said that the foundation of the bridge would be laid on May 29 next year, the anniversary of the Ottoman conquest of Istanbul.

Freeman Fox and Partners have undertaken similar work for the first Bosphorus bridge which was opened to traffic in 1973. It was built by an Anglo-German consortium.

A Ministry of Works official said that the six-lane, 1,168 metre long bridge is to be built between Baltalimani on the European side and Kanlica on the other. It estimated cost is 1.7bn. Turkish lira ($88m.) of which 30-40 per cent. would be required in foreign currency.

Mr. Kilic said that a new bridge was necessary because the present one was handling more than 102,000 vehicles per day and there would be congestion starting from 1981. The new bridge would be completed in 1982.

Jamaica gets $22m. credit from Norway

By Canute James KINGSTON, Jan. 2.

THE Norwegian Government has extended a $21.8m. line of credit to Jamaica to allow the island to finance imports from that country.

The line of credit, announced by Norway's Commerce and Shipping Minister, Mr. Hallvard Bakke, who has led a commercial delegation on a visit here, will permit Jamaican buyers to make medium and long term purchases on the Norwegian market.

The Norwegian Government has also given an undertaking to assist the Jamaican Government in a planned $80m. oil and natural gas exploration programme scheduled to get under way next year.

The Norwegian delegation discussed with Jamaican officials joint projects in soil conservation, afforestation and aluminium fabricating. The Norwegian line of credit follows two loans which the island is getting from the World Bank.

The first loan of $30m. was followed by announcement of the completion of negotiations for $28m. $20m. is to be used for improving the island's electricity services and $18m. for assisting the island's sugar cane industry.

Irish exports rise sharply

EXPORTS from the Irish Republic jumped by 35 per cent. in 1977, according to figures released by the Irish Exports Board.

In the past 12 months both the value and the volume of the country's export growth rate outstripped other Common Market countries for the first time.

The most spectacular increase in goods sold abroad came from the manufacturing industries where the value of exports went up by 42 per cent.

Although the board said prospects for 1978 were that present trends would continue the report warned of "clouds on the horizon" including uncertainty over the U.S. dollar and threats of protectionism.

Contracts

● A contract for demountable partitions in the Dubai Currency Board's new offices—currently being built by Costain International — has been awarded to Unilock (Exports), the overseas marketing organisation within the Unilock Group of companies, suppliers of demountable partitioning systems in the United Kingdom. The contract is worth more than £200,000.

● Peugeot said it had signed contracts for the delivery of 1,300 Peugeot 504 models to Egypt to be used as taxis, and 1,500 of the same model to the Sudan, 1,000 of which are to be used as taxis.

● Kloeckner-Humboldt-Deutz said its group subsidiary KHD-Pritchard had won an DM.18m. order to build a maleic acid anhydride plant in Yugoslavia. The order was placed with Kloeckner Industrieanlagen.

● The State-owned telecommunications company ENTEL has signed contracts with the local subsidiaries of Siemens and Standard Electric for the expansion of Argentina's telephone system. The project, which includes setting up 314,700 new lines, will cost an estimated $175m. at current prices.

● The Hong Kong Government's Public Works Department is looking overseas and locally for consultants to investigate the feasibility of building a fixed crossing to link Lantau Island with Tsuen Wan on the mainland. The crossing will take the form of a bridge or tunnel, or a combination of both.

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HOME NEWS

Energy growth must be checked speedily

BY RAY DAFTER, ENERGY CORRESPONDENT

MAJOR industrialised countries need to check their energy growth now if an economic disaster is to be avoided within 10 to 15 years, says a report in Lloyd Bank Review, published to-day.

Present evidence indicated that consumers would face at least a tight oil supply position, if not a crisis, by the late 1980s, according to Mr. Alan Parker, an oil consultant, writing on "Western Energy Policy After Carter."

He points out that President Carter's energy policy is based on the premise that no conceivable development of the world's energy resources can be expected to keep pace with the rate of growth of world demand that has been normal in the post-war period.

"Before the end of the century something will have to give."

The warning is in line with a number of similar messages in recent months, including statements by oil executives—among them BP and Shell officials.

In essence, they have all been saying that an energy crisis could become apparent much more swiftly than many people imagine.

Mr. Parker argues that if President Carter's energy targets are not met economic growth in the West will come to a standstill for perhaps a considerable time. In addition, large jumps in the relative price of energy would set off a spiral of cost inflation, curbing living standards and causing wage inflation.

The necessary process of adjustment to less energy-intensive patterns would have to be compressed into a short space of time.

All this could lead to a period of economic stagnation and perhaps social unrest, "the worst possible time for sacrifices to be demanded from populations for major adjustments and new investments."

"The need for governments to force this adjustment process to start now and to spread it over as long as possible would seem to be so great and so urgent as to transcend all the other aspects of current energy policy in the West," the report concludes.

If the consumer world succeeded in checking its energy growth, disaster would be avoided and the power of the producers would be blunted.

However, this would call for a substantially higher consumer price for oil than at present.

It was possible that consumer governments would reduce the scope for producers to raise prices in the 1980s by increasing the taxation on energy progressively from now on.

Increased consumer taxes would slow consumption growth. But because of the relatively short time available, supporting conservationist measures would be needed.

"It means a long-term continuing adaptation of whole patterns of living and working, away from energy-intensive goods, services and patterns, and towards low-energy ones."

● Large oil reserves have been found on Britain's biggest onshore oilfield on the marshy shores of Poole Bay, Dorset.

The strike was made over Christmas by a Canadian drilling team and the find is said to be four times greater than the present estimates for the Dorset oilfields.

Employers to fight wealth tax plan

EMPLOYERS in the engineering industry will fight any attempt to introduce a wealth tax this year, according to Mr. Astley Whittall, president of the Engineering Employers' Federation.

In a message to chief executives of the 6,000 companies in the federation, he said members were "horrified at this new attack on people who succeed in business."

Referring to the TUC-Labour Party liaison committee's intention to legislate on a wealth tax in the first session of a new Parliament, he said: "It will destroy the fragile confidence which began to re-emerge in the latter months of 1977."

Recruitment drive

N. CORAH, the Leicester-based knitwear producer, is to start a recruitment drive this year linked to a new market campaign for quality British knitwear, particularly in Europe. Spending on new plant and equipment will top £1m., compared with £750,000 last year.

Glass plant boost

United Glass, which accounts for about one-third of the U.K. glass container market, is to spend £3m. in expanding its Harlow plant. It expects the market to improve by at least 2 per cent. this year.

New beer depot

A £2.8m. depot, the biggest ever built by Allied Breweries, has been opened at Gallows Corner, near Romford. It will handle the equivalent of 2.5m. pints in a normal week, with the beer coming from the nearby Ind Coope brewery at Romford.

Bogus banks probe

The City of London Company Fraud Squad has received a number of complaints about bogus banks, registered in remote islands, and is investigating 104 such cases involving £115m.

Leyland Speke closure would be 'intolerable'

BY OUR INDUSTRIAL STAFF

CLOSURE OF the British Leyland plant at Speke, Liverpool, would be "intolerable," Sir Kenneth Thompson, leader of the Merseyside Council, said yesterday.

He was reacting to a week-end report that Mr. Michael Edwardes, new chairman of British Leyland, wanted to close the Speke plant and had asked the Prime Minister for his consent to the move.

The Speke factory employs 6,000 but 2,000 employees have been on strike since November 1 in a dispute over productivity and manning levels causing other lay-offs.

Sir Kenneth, in a telegram to Mr. Eric Varley, the Industry Secretary, pointed out that Speke has one of the highest unemployment levels in the U.K.

He called for an all-party meeting about the future of the plant with the local authority and trade unions represented.

A British Leyland spokesman said: "We are reviewing all unprofitable units both at home and overseas. No decision has yet been taken to close any plant."

1947 CABINET MINUTES

Post-war plan to conscript women

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

DRACONIAN measures for the direction of labour including a form of national service to compel women to work in essential industries, were considered by the Labour Government in 1947, according to the latest batch of secret Cabinet minutes released under the 30-year rule.

Another plan drawn up by Mr. George Isaacs, Minister of Labour, proposed that street traders and people working in gambling and night clubs should be rounded up and made to work in branches of industry where there was a shortage of labour.

The Cabinet minutes and documents, released to-day and available at the Public Record Office, show that these proposals led to heated arguments among ministers.

The proposals reflect the appalling economic crisis of 1947. In February, the major fuel crisis resulting from the coal shortage led to large-scale electricity cuts and the closure of factories.

Above all, there was the worsening balance of payments and the alarming drain on the huge dollar loan. All of this took place against a bleak background of continued rationing, low productivity and a labour shortage.

Not surprisingly, a panicky note runs through the Cabinet discussions.

In January, Sir Stafford Cripps, President of the Board of Trade, proposed that all young women should be required to work in an occupation of national importance for a period equal to that served by men in the armed forces.

In September, Mr. Isaacs produced his proposal for conscripting into industry those whom he described as "spivs and drones who are doing nothing towards the national well-being."

Eventually, Cabinet opposition killed the idea. A weak and ineffectual system was introduced under the Control of Engagement Order in October 1947. When it was revoked in March 1950, only 29 people had been ordered to take jobs in essential industries.

Many of the discussions on the fuel crisis also had a particularly frantic note. At one stage, the Ministry of Defence was asked to consider using submarine generators to supplement the electricity supply on shore.

Much Cabinet time was spent discussing the economic crisis and by May the Chancellor was warning that the U.S. dollar loan was being "raced through at a reckless pace" and that further hard and difficult economic decisions must be taken urgently.

A Treasury memorandum pointed out that the U.S. and Canadian dollar credits would be exhausted by the middle of 1948.

It states bluntly that the Treasury plan of economic cuts would "allow dollar starvation to reach the point where the Americans are driven, in their own interests, to produce more dollars."

A continual theme is the concern of the Prime Minister, Mr. Clement Atlee about the leakage of information of Cabinet discussions.

Another memorandum states: "Experience has shown that leakages of information have occured as a result of the skilful piecing together by representatives of the Press of isolated scraps of information, each in itself apparently of little importance, gathered from several sources.

"The only safe rule is, therefore, never to mention such matters even in the form of guarded allusions, except to those who must be informed of them for reasons of State."

Ironically enough, 30 years later, it seems that this dictum is now being observed. The latest batch of Cabinet papers omit contemporary documents dealing with atomic energy. These are being witheld without explanation.

Small business tax overhaul wanted

SMALL COMPANIES are in the doldrums because their workers and owners are too heavily taxed, says the London Chamber of Commerce. The Chamber, with 8,000 members, is one of the largest organisations representing the interests of small businesses.

Urging tax cuts to boost performance, the Chamber says in a memorandum to the Lever Inquiry into small firms' tax problems that "the rates of taxation of individuals are the main cause of the decline of small business. A major overhaul would provide the incentive required and could be done with little or no cost to the Exchequer."

The memorandum was prepared by a working party of the Chamber's taxation committee and is based on research among members, 6,000 of which are classified as "small firms."

Most of the firms taking part in the survey blame personal tax levels for their relatively poor performance in recent years. But, the survey adds, the viability of small businesses is also threatened by the weight and variety of taxation heaped upon them.

Arguing that the existing income tax levels is a disincentive to employees and proprietors, the memorandum says that taxation levels "prevent adequate reward for risks, prevent the proprietor making any savings outside his business and thus forces many sales to release capital."

Although the memorandum argues that the level of Company Tax is not as restrictive as that of personal income tax, it makes three proposals aimed at the easing of problems of expansion: a long-term commitment to 100 per cent. first year allowances; a long period of stability in tax and other legislation and the conversion of stock appreciation relief into a permanent form of relief to take account of inflation.

Profits growth slows

DECEMBER is normally a quiet month for the publication of industrial companies' full reports and accounts, and only 60 were received last month.

However, the reports showed a further slight slowdown in pre-tax profits growth with a rise of 21 per cent. on those of a year previously.

This was the smallest monthly rise last year and compares with the biggest in April, of 69.1 per cent.

Rises over the four quarters were: January-March, 34.8 per cent.; April-June, 48.7 per cent.; July-September, 36.3 per cent.; and October-December, 23.8 per cent. The average rise in profits for the full year came to 38.9 per cent.

Dividend costs last month rose by 25.1 per cent. over December, 1976, and contributed to an increase of 19.5 per cent. over the full year.

It is worth repeating that companies may raise their dividends beyond the legislated 10 per cent. limit in certain circumstances, which include the raising of fresh capital or fending off an unwanted bid, or, as in the case of Paterson Zochonis, which raised its dividend by 127.2 per cent., a company's trading operations are mainly abroad.

Lombard to lease trucks

BY KEITH LEWIS

LOMBARD NORTH CENTRAL, the finance house subsidiary of National Westminster Bank, plans to attack the U.K. commercial vehicles leasing market in 1978.

Lombard will be introducing a marketing operation under the name of Trucklease, through which it hopes to capture a large share of the business.

The company is trying to repeat in commercial vehicles the remarkable success already achieved by Lombard in motor car leasing under the Wheelease package.

Experience gained through Wheelease, plus a 12 months' market research programme involving discussions with dealers and operators, has gone behind the launch of Trucklease.

Technically, Trucklease offers very little new to the commercial vehicle leasing market, which has been firmly established for some time. What it will add, however, is a slick marketing approach to a business which, it is estimated, has a current cost value of anything between £1bn. and £1.4bn.

The timing of the Lombard move has been carefully planned to coincide with an anticipated upturn in the market.

Replacement costs have soared over the past few years. Between 1972 and 1977, the cost of commercial vehicles has risen by between 250-300 per cent., which adds to the attraction of leasing.

Workers' co-op needs defined

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

ESTABLISHMENT of successful workers' co-operatives requires four essential conditions including provision of adequate capital and management, says an article in the issue of the Lloyds Bank Review, published this morning.

Mr. Robert Oakeshott, a former journalist who has worked in co-operatives, says that there is "no evidence that the Government really understands what are the necessary conditions for successful co-operative enterprises."

The first of Mr. Oakeshott's conditions is the "availability of adequate management both inside the co-operative and, preferably, with added support from a central co-operative management agency."

The second is adequate access to finance, preferably through a special institution committed to co-operative goals. Third, there should be "full and genuine democratic control, such that the entire workforce is the group with ultimate responsibility and control."

He says this control should be so arranged that it permits the "smooth functioning of management."

Fourth, says Mr. Oakeshott, there should be an element of capital ownership by the workers who should have to put down a significant financial contribution when they become employed.

If the objective of the co-operative is to expand, workers should not be allowed to withdraw their capital until they leave the co-operative on retirement or earlier.

Lloyd's Bank Review, 71, Lombard Street, London, EC3.

Stricter accounting call

BY MICHAEL LAFFERTY

NEW regulatory body, not dissimilar to the SEC in the U.S. but without its plenipotentiary powers, should be established to improve accounting and disclosure standards, a group of Scottish finance directors has told Mr. Edmund Dell, the Trade Secretary.

The finance directors believe that existing procedures for establishing accounting standards are not satisfactory.

The group, the first of its type to come out with such a demand, includes the finance directors of large Scottish quoted companies such as Scottish and Newcastle Breweries, Coats Patons and the Weir Group.

Its call comes at a time when the accountancy profession's existing Accounting Standards Committee is coming under increasing scrutiny.

According to Mr. Joe Barber, chairman of the group of Scottish finance directors, the new regulatory body should be established by the Stock Exchange, the CBI and the accounting bodies.

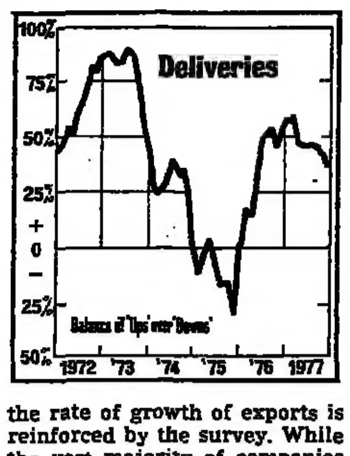
It would cover listed companies and have the sanction of recommending that a company's listing should be suspended.

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Optimism increases

INDUSTRY IS more optimistic both about the outlook for the U.K. economy as a whole and for its individual business prospects. All three sectors questioned this month were more optimistic about the U.K. economy than when last surveyed in August and this index is now near the high reached in May, 1976. Moreover, none of the companies questioned this month were less optimistic about their own companies' prospects than four months ago. In spite of this level of confidence, companies continue to express fears about the possibility of industrial disruption and excessive wage settlements.



Concern about a slowdown in the rate of growth of exports is reinforced by the survey. While the vast majority of companies expect a rise in exports in the next 12 months, the percentage has been slipping back quite noticeably since the end of the summer. The engineering sector is, for example, less confident about increasing its exports in 1978 than it had been last August, with references to the depressed state of the world economy and the difficulty in meeting increased competition.

The generally sluggish character of the economic recovery is shown by the further slight fall in the indicator for recent deliveries. Both the engineering and the brewing and distilling sectors are less inclined to report higher deliveries than four months ago.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
More optimistic	39	40	37	35	27	56	44
Neutral	43	40	46	54	73	24	56
Less optimistic	16	20	17	11	—	—	—
No answer	2	—	—	—	—	20	—

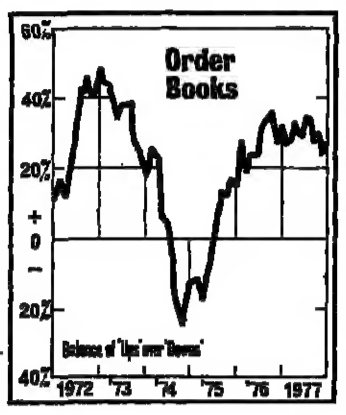
EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Higher	83	86	89	91	68	99	97
Same	10	10	10	6	13	1	3
Lower	7	4	1	2	19	—	—
Don't know	—	—	—	1	—	—	—

ORDERS AND OUTPUT

Slow growth expected

BUSINESSMEN ONLY expect a gradual recovery in output in the immediate future; there has been a further small fall in the net balance of companies projecting a rising trend of new orders in the last four months. Although the engineering sector reports a higher recent order intake than four months ago, both the brewing and distilling, and paper and connected sectors are less optimistic than before. However, within engineering, there were reports of depressed demand and more difficult export sales with noticeable import encroachment.



Few companies now expect a rise in production/sales turnover of more than 10 per cent. in the next 12 months. There has also been an increase in the proportion within the brewing and distilling, and paper and connected sectors of companies saying they expect a volume change of under 5 per cent. Consequently the index for the median expected rise in output during the next 12 months has dropped back from 5.9 to 5.2 per cent., compared with 6.7 per cent. three months ago.

NEW ORDERS

The trend of new orders in the last 4 months is:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Up	41	42	45	53	79	34	55
Same	19	17	17	16	11	20	26
Down	16	15	17	15	10	22	1
No answer	24	26	21	16	—	24	18

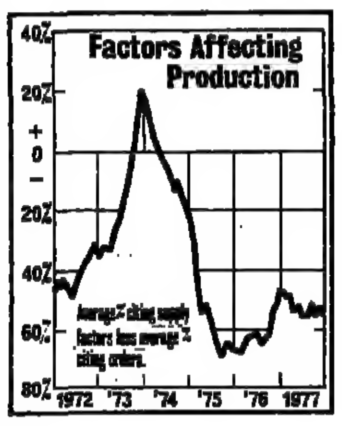
PRODUCTION/SALES TURNOVER

Those expecting production-sales turnover in the next 12 months to:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Rise over 20%	4	4	4	3	—	—	—
Rise 15-19%	5	5	3	3	—	—	8
Rise 10-14%	18	19	21	15	16	—	3
Rise 5-9%	22	24	27	38	52	19	27
About the same	44	40	37	33	32	79	44
Fall 5-9%	3	3	—	—	—	—	—
No comments	4	5	8	8	—	2	18
Median change	5.2	5.9	5.7	6.7	6.7	3.7	4.8

CAPACITY AND STOCKS

Shortage of skilled staff

A SHORTAGE OF home demand continues to be the main constraint on production and companies in the brewing and distilling sector were even more inclined than four months ago to refer to this factor. But there has been a further noticeable increase in the percentage of companies mentioning shortages of skilled factory staff and, also to a lesser extent, of executive staff. The impact of labour disputes is also growing. The result is that the index showing the extent to which output is affected by demand as opposed to supply shortages continues to show virtually no change.



The staff problems were described by some companies as only local and were attributed to pay policy, which by reducing differentials has both caused shortages and produced lower motivation.

The modest nature of the recovery in output so far is reflected in the indicators for capacity working and stocks. Expectations for an increase in the volume of work in progress and of stocks of manufactured goods over the next 12 months have tended to fall.

STOCKS

Raw materials and components over the next 12 months will:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Increase	30	31	23	27	40	25	71
Stay about the same	56	54	54	49	60	75	29
Decrease	7	8	10	10	—	—	—
No comments	7	7	13	14	—	—	—
Manufactured goods over the next 12 months will:							
Increase	23	29	25	32	24	29	27
Stay about the same	48	41	42	41	60	66	52
Decrease	4	5	8	8	11	5	—
No comments	25	25	25	19	5	—	21

CAPACITY WORKING

	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Above target capacity	13	13	16	12	5	—	26
Planned output	52	49	54	66	85	80	38
Below target capacity	34	37	28	21	10	20	36
No answer	1	1	2	1	—	—	—

FACTORS CURRENTLY AFFECTING PRODUCTION

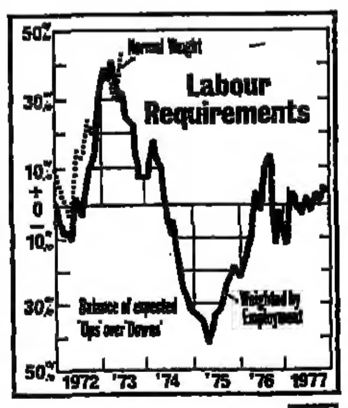
	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Home orders	81	76	77	75	90	95	88
Export orders	60	60	57	51	90	64	73
Executive staff	20	25	13	15	16	60	70
Skilled factory staff	38	36	28	29	21	60	61
Manual Labour	3	4	4	4	16	20	—
Components	8	8	6	4	5	2	—
Raw materials	10	8	10	13	5	20	—
Production capacity (plant)	11	10	17	17	5	24	—
Finance	1	1	1	2	—	—	—
Others	12	13	10	9	16	—	—
Labour disputes	32	29	21	19	69	84	35
No answer/no factor	2	2	2	4	—	5	8

INVESTMENT AND LABOUR

Caution on jobs

THE MOST DISCOURAGING feature of the survey remains the tiny net balance of companies expecting an increase rather than a decrease in their labour force over the next 12 months. Indeed this index is fractionally lower this month as both the brewing and distilling, and the paper and connected sectors are more pessimistic than four months ago.

The recently introduced question on factors affecting the number of employees shows that it is employment legislation and other factors related to the structure of the employment market are discouraging an increase in staff rather than just shortage of demand for products or uncertainty



There has been little change in the indicator of expected capital expenditure during the next 12 months with more than half the companies questioned again projecting a rise in the volume of investment over the period. But both the brewing and distilling, and paper and connected sectors have shown a rather greater tendency to expect expenditure to stay the same or fall than four months ago.

LABOUR REQUIREMENTS (Weighted by employment)

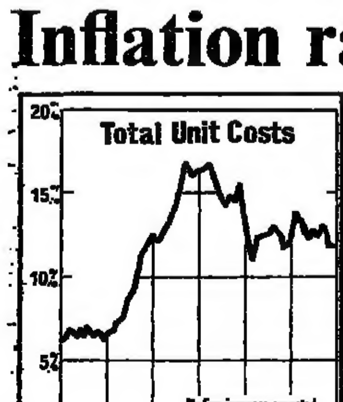
Those expecting their labour force over the next 12 months to:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Increase	24	25	23	24	16	—	5
Stay about the same	56	54	55	55	61	76	86
Decrease	20	20	21	21	23	24	9
No comment	—	1	1	—	—	—	—

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Increase in volume	54	53	51	44	47	52	13
Increase in value but not in volume	11	15	10	11	—	1	43
Stay about the same	15	10	14	14	36	47	29
Decrease	14	16	21	27	17	—	15
No comment	6	6	4	4	—	—	—

COSTS AND PROFIT MARGINS

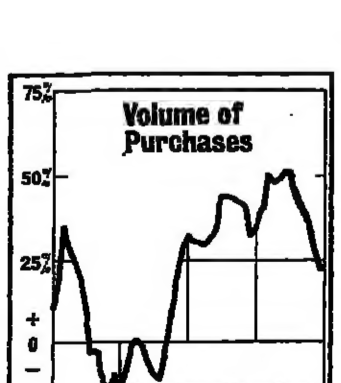
Inflation rate falls



BUSINESS APPEARS to be taking a middle of the road view about the prospects for cost and price increases during 1978 — and is neither as pessimistic as some of the forecasters nor as optimistic as the official projections. Expectations for the rate of increase in both wages and unit costs showed virtually no change last month —with median rises of 12.7 and 12.1 per cent. respectively projected. The majority of companies expect rises in the 10 to 15 per cent. range.

The median expected rise in prices during the next 12 months has fallen slightly from 12.1 to 11.8 per cent. — reflecting the fact that the paper and connected sector is less inclined to expect price rises of 15 per cent. or more than it had been in August.

Industry, however, appears to be less optimistic about the outlook for profitability than earlier in 1977. The profit margins index has started to level out after its steep fall in the autumn, though only just over a quarter of companies questioned expect a rise in margins in the next 12 months.



These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries Index which accounts for about 60 per cent. of the turnover of all public companies. The weighting is by market capitalisation, save where an alternative method of weighting is cited.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month). *Complete tables can be purchased from Taylor Nelson and Associates.*

COSTS

	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
Wages rise by:	%	%	%	%	%	%	%
5-9%	8	8	11	13	—	20	8
10-14%	70	70	57	53	77	56	57
15-19%	14	15	19	14	23	4	—
20-24%	—	1	2	2	—	—	—
25-29%	—	—	1	1	—	—	—
No answer	8	6	10	17	—	20	35
Median change	12.7	12.8	13.0	12.7	13.2	11.8	12.1
Unit cost rise by: 0-4%	3	4	5	3	—	—	1
5-9%	12	11	8	11	34	9	4
10-14%	64	64	52	50	42	71	42
15-19%	8	8	19	22	24	—	35
20-24%	—	—	3	4	—	—	—
Same	2	2	1	—	—	—	—
Decrease	1	1	—	—	—	—	—
No answer	10	10	12	10	—	20	18
Median change	12.1	12.1	12.9	13.1	11.9	12.2	14.3

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	Sept.-Dec. (4 monthly moving total)	Aug.-Nov.	July-Oct.	June-Sept.	Eng'g. (non-elect.) (December 1977)	Brews. and Distills.	Paper & connected
	%	%	%	%	%	%	%
Improve	27	29	35	48	56	29	13
Remain the same	46	45	45	33	39	46	44
Contract	22	22	15	14	5	25	26
No comment	5	4	5	5	—	—	17

Building and Civil Engineering

Waiting for an ascending market

THE END of 1977 also saw the end in London of a programme for converting lifts, theatre safety curtains, cranes and machinery to modern sources of power supply. Previously they had been operated by water pressure.

For many years, the now defunct London Hydraulic Power Company provided water power through pipelines which ran for miles under London's streets. Lift operation was one of the major uses for the system and at the start of the second world war about 4,000 lifts relied on this power source.

About ten years ago one of the U.K.'s foremost lift manufacturers Hammond and Champness, contracted to repair and maintain 1,060 lifts still operated by the system, but by 1975, when it was being realised that electrically-operated lifts were cheaper to run, there were only 600 water-powered types left.

Last June, Hammond and Champness accelerated a programme to convert all remaining lifts and other water-powered equipment and this has now been done. This conversion programme provided much-needed work in a depressing year for lift manufacturing and Mr. Arthur Little, managing director, thinks manufacturers are facing a similar prospect in 1978.

Value of new orders coming through to the company is 50 per cent. of the figure for 1973 and Mr. Little thinks there will be little change until 1979. Expansion is only likely through orders from overseas.

In anticipation of better times Hammond and Champness is installing new manufacturing machinery and carrying out research which includes investigations into improving acceleration and deceleration rates of lifts and providing smoother rides for the passengers.

The company, founded in 1906, has had a lot of experience on which to base its research. It has installed over 20,000 lifts of all kinds and following acquisition of seven other lift companies it can add another 10,000 to this total.

Two of the company's bigger achievements has been the installation of a comprehensive lift system for W. H. Smith and Sons headquarters in Fetter Lane, London, E.C.4, and the recent award of a £700,000 contract for lifts for a hospital in Dubai. The company regards the latter contract as a good omen for its potential overseas markets.

In W. H. Smith's building the company has installed three lifts running at 2.5 metres per second (or 500 feet a minute). Each lift carries 10 persons and serves 10 floors. There are also four other lifts each carrying 10 persons and serving four floors plus a staff lift with a 10-person car serving 10 floors.

The £250m. Dubai hospital is to have 19 lifts. There is to be one "bank" of four lifts each carrying 12 persons and serving 13 floors and two further "banks" of four bed-passenger lifts. Six of the latter will each carry 24 persons and the other two 28 persons. All these lifts will run at 1.5 metres per second or 300 feet per minute. Two further passenger lifts are to be provided as well as goods lifts and document hoists. Completion of the 640-bed hospital is due in 1980.

£7m. order won by SLP Group

FOUR production modules and associated "packages" weighing a total of 3,600 tonnes are to be constructed by the SLP Group for Shell/Esso's Cormorant "A" oil drilling platform in the North Sea. Value of the order is £7m.

The modules are to be constructed at SLP's Lowestoft yards. Work will begin soon and completion is due in February 1979. At the height of the project over 400 personnel will be involved in constructing the modules.

South coast start for Brazier

OF THE four contracts worth, in total, £4.4m., starts on which were recently announced by Brazier and Son of Southampton, by far the largest is Phase 2 of the Arndale shopping centre at Poole, Dorset. This project is worth £3.9m.

Making up the balance is an office block for Equity and Law Life Assurance Society and a health centre, both in Southampton and the refurbishing of W. H. Smith and Son's premises in Portsmouth.

Protecting a boathouse

ARCHITECTS designing a major boathouse facility for vessel overhaul and repair with capacity to handle craft up to 50 tons at the Brighton marina have solved the problem of creating a structure able to withstand corrosive seaside atmospheres and be strong enough to support the boat-handling crane.

Ove Arup and Partners selected TI Metsec phosphate-coated lattice steel beams to form the structure of the 30-metre-long building. The cold roll-formed beams are also coated with an epoxy micaceous iron oxide formulation which provides a further barrier to the saline atmosphere. It is applied over zinc chromate-red oxide primer.

Cladding of the building is in a stove-coated, profiled aluminium sheet.

The marina boathouse is due for completion early in the coming spring.

The vast marina project itself, which is being masterminded by the Louis de Soissons architectural partnership, was estimated in 1975 at £43m. and will require the pouring of about ½m. tons of concrete and the placing of 10,000 tons of steel to complete.

Second unit in Minories landmark

START OF the larger second phase in the Wingate Centre development on a site in the Minories, London, has been announced by George Wimpey, which has been awarded the £6m. contract by Wingate Investments.

The second phase provides for a building which will have 95,300 square feet of floor space. It is known as Block F and will consist of an office block of 13 and six storeys. Work has begun and it is to be completed in 1980.

Architect is Trehearne, Norman and Preston.

Wimpey has recently topped out the first phase of this big development—Bain Dawes House, which covers some 66,000 square feet.

Reducing effects of smoke

AUTOMATIC in operation, Pyrobel fire vents will fly open in the event of a fire in the building on which they are installed and release the smoke to atmosphere.

This has two effects—smoke damage to premises and goods is sharply reduced and, with fumes constantly evacuated, fire fighters can more easily get to the source of the fire and deal with it. At the same time, identifying the exact location of maximum temperature is simplified since only those vents closest to the conflagration will, in effect, open up.

Developers Argosy Fenton say they believe Pyobels to be the first roof units designed specifically to vent in fire conditions. And insurance companies appear to accept this since they are prepared to reconsider fire premiums where these particular units are specified.

More from the company which operates from Island Farm Avenue, East Molesey, Surrey. 01-979 7777.

Drinking water in remote areas

SATISFACTORY potable water supplies are scarce in many parts of the world. Villages in remote regions frequently have to rely on polluted water containing a great deal of salt. Large construction sites in North Africa and many other regions are faced with the problem of procuring sufficient water locally for use as drinking and service water. Flood and earthquake disasters again and again demonstrate how important it is to have a supply of water rapidly available.

To meet these requirements, Robert Reichling GmbH of Gevenbroich, has designed a mobile water purification plant accommodated in a 20-foot container.

It is easily transportable and half an hour after having been set up, the unit supplies potable water of high quality.

The Reichling package is not only capable of purifying water but also of desalting it. The standard model, which can be expanded on a modular principle, produces about 3.7 cubic metres of potable water from 5 cubic metres of polluted brackish water containing up to 5,000 ppm of salt.

The unit is of sturdy construction, requires little maintenance and can be run by non-specialists after a little training. There is a built-in laboratory for making water analyses. To ensure reliable operation in remote areas all components and assemblies have been designed to be serviced and repaired without any special tools

Wear parts for two years of operation are supplied with the unit. Also supplied is a stock of chemicals sufficient for producing 1,000 cubic metres of potable water. Only a minimum of chemicals is required for treatment and only such chemicals are used which are available even in less developed countries.

The mobile emergency diesel-generating set which is available as an optional item makes the unit independent of the local power supply network.

Water treatment is effected in three steps: primary purification, secondary purification and desalination. When the water is polluted but contains no salt, the desalination step can be cut out.

A self-priming horizontal centrifugal pump withdraws water from the source and feeds it to the mobile water purifier. The intake hose of the pump is 15 metres long and the delivery hose 30 metres. The unit can thus be arranged at a distance of up to 45 metres away from the source. A floating strainer attached at the end of the intake hose removes coarse impurities from the water and particles carried away from the bottom. A primary filtering screen removes solids such as sand and rock particles from the intake water.

Flocculants, oxidants and disinfectants are added in the secondary stage. The solutions are prepared in plastics containers and are introduced into the intake water upstream of the two filters by means of diaphragm-type metering pumps. The filtering section consists of two parallel-connected, 700mm. diameter pressure filters filled with gravel and capable of an aggregate throughput rate of 5,000 litres/hour.

The filtered water passes through a vessel filled with activated carbon in which all substances imparting an undesirable taste and odour to the water are retained. Disinfectant is introduced immediately downstream from the activated carbon filter. The water discharging from the filter passes into a reservoir with a capacity of 2 cubic metres or is fed through the desalination step provided it contains more than 500 ppm. of salt.

Pressure gauges upstream from the gravel filters and downstream from the activated carbon filter indicate the degree of pollution of the water. As soon as the quality of the filtered water deteriorates, the filters are cleaned, that is, the dirty filter is backwashed with clean and disinfected water from the other filter.

The desalination stage is of the reverse osmosis type. A high-pressure pump forces treated water at a pressure of 28 bar through the membranes of the modules. Every three modules are arranged in 11 pressure tubes. Before entering the pressure tubes the water is filtered in a filter candle. In addition, specific chemicals are introduced by metering pumps to ensure long life of the modules. The membranes separate the water into brine and low-salt clean water.

Fried Krupp GmbH, 43 Essen, Altendorfer Strasse 100, German Federal Republic.

Crane fleet extended

MOBILE CRANES capable of lifting 350 tonnes have been added to the hire fleet of G. W. Sparrow and Sons, Lower Bristol Road, Bath BA2 9ET (0225 21201).

Two Demag TC 250-tonne capacity lorry-mounted cranes, which can be used with a special "Superlift" attachment to increase the capacity to 350 tonnes, are now available in the U.K. Various outrigger lengths and counter-balance attachments can be fitted to suit lifting conditions.

As an example of the crane's capability, with the standard rig it can lift 104 tonnes on a 24 metre boom at 14 metres radius—using the Superlift increases this to 215 tonnes.

Ceiling job completed

UNDER a £230,000 contract, Bridge Walker (Trafalgar House Group) has installed a range of ceilings, mostly decorative but some of sophisticated acoustic design, throughout the whole of the new multi-purpose Conference Centre on Brighton seafront. Bridge Walker's contract is one of the largest it has undertaken in recent years.

Main contractor for the erection of the centre was James Longley and Company of Crawley (Sussex).

Bridge Walker was awarded the sub-contract for the supply of material and the erection of the ceilings using a wide range of materials such as mineral fibre tiles and fibrous plaster to give maximum effect. Focal point of the project was the main auditorium area where special acoustic baffles were constructed on mild steel framework suspended on wire cables to facilitate height adjustment.

The fastest groover in the West

CLAIMED to be one of the newest and largest groovers in operation, a large 32 metres long American machine safety-grooves highways at rates of up to 9 metres per minute.

The 600 hp machine uses up to 160 blades containing De Beers SDA synthetic diamond. The blades are contained in four independently suspended heads which together enable the groover to machine concrete or asphalt surfaces in 3 metre wide passes.

Recently employed on a 225,000 square metre night grooving contract on the Newport Freeway, south of Los Angeles, the machine cut a longitudinal groove pattern consisting of 2.5 mm wide, 6 mm deep grooves spaced 19 mm apart.

Mounted on a 280 mm diameter arbor and rotating at approximately 1200 rpm, the thin-section 450 mm diameter blades were constantly cooled by water pumped from a trailing tanker, while a vacuum device, forming part of the machine train, sucked up the slurry and enabled coolant to be filtered and recirculated.

Because of the machine's considerable length and complexity, intercommunication between its three crew members is achieved by radio.

IN BRIEF

- Western Roadstone (Ready Mixed Concrete group) has purchased a 35-ton capacity dumper from Aveling Barford costing £50,000 and a Cat 966c loading shovel costing £55,000 from Bowmaker (Plant).
- Taylor Woodrow Construction (Northern) has been awarded a contract by the petrochemicals division of Imperial Chemical Industries for the construction of services and serviceways at its Wilton works in Cleveland.
- Simon BBRV, a division of Simonbuild, Stockport, has completed another contract for the vertical stressing on the second 19.5 metres high concrete bund wall built by Christiani and Nielsen, for the British Gas Corporation at its liquid natural gas (LNG) storage facility at Avonmouth, near Bristol.
- Willett has been awarded a £648,000 contract to build 58 flats at Charlecote Road, Wood Lane, Dagenham, Essex, by the Greater London Council. A start is to be made in late January. Architects are Ronald Ward and Partners and the consulting engineers Ernest Green and Partners.

Tough stuff for roofs

A NEW sheet roofing material has been introduced by Briggs Amasco.

Tuff 75 was designed for the company, a member of the Tarmac Group, to offer high resistance to fatigue caused by normal movement in the substrate of a roof and stresses frequently encountered with modern and efficient insulants.

It is a bituminous polypropylene material and its toughness is derived from a double reinforced base, comprising a layer of needled polypropylene and a layer of glass fibre tissue.

It is used as part of a normal roofing specification and does not require special treatment or the use of new laying techniques. Manufactured in 15-metre rolls it has a nominal width of 1 metre with a nominal sheet thickness of 2 mm and weighs 2 kg per square metre.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Paint goes on under water

A COATING that may be applied to submerged surfaces will protect underwater structures against erosion and corrosion.

After cleaning the area, the underwater coating may be applied by conventional methods, such as brushing or rolling and it has the unique action of displacing water from the surface and then sticking to it in the manner of conventional paints above water.

According to the temperature of the water, the coating cures at varying rates to give a tough, hard, chemical-resistant surface with excellent adhesion.

It is anticipated that the coating will considerably assist in prolonging the life of underwater structures such as piers, jetties, ships, offshore oil drilling platforms etc.

Boston Chemical Company, Wetherby, West Yorkshire LS23 7BZ. Boston Spa (0937) 843413.

Reinforced insulated walling

MOULDED plastics (polystyrene) blocks which are used as permanent insulating shuttering for walling in all types of low and high rise construction form the basis of a building method developed by Foam - Form (Canada) of Scarborough, Ontario.

The blocks are each tongued and grooved, and reinforcement as required is inserted and simply secured. Concrete is pumped into the formwork thus produced to provide reinforced concrete walling without vibration or tamping.

Various external finishes can be used and include rendering on lath or mesh, brickwork, weatherboard or tiling. Internal finishes can include drylining materials or normal plastering.

The company has set up an office at Green Dod, Windermere, Cumbria LA23 3LS (096-62 4365).

Primers for porous surfaces

MOST epoxy primers used for porous surfaces such as concrete are pigmented, two-component systems formulated primarily for priming non-porous surfaces such as metals.

On porous surfaces there is a tendency for the pigment to hold back the penetration of the resin and so reduce adhesion and coverage.

To fill the need for a primer for porous surfaces, Quentsplass is offering an unpigmented material with excellent penetration into porous surfaces and good coverage. Increased penetration improves adhesion and tends to consolidate surfaces such as concrete, which may be lacking in strength.

The primer may be used under a wide variety of surface coating systems including those made on epoxies and polyurethanes. It may be applied to damp surfaces and green concrete.

Quentsplass, Thorp Arch Trading Estate, Wetherby, West Yorkshire LS23 7BZ. Boston Spa (0937) 843388.

● METALWORKING

Cleans the castings

DESIGNED and built in only nine months, new plasma-arc cutters have just gone into operation at the Magdeburg-Rothensee steelworks in the German Democratic Republic.

Plasma-arc cutting uses a highly ionised gas stream directed on the cutting seam and produces flame temperatures of between 15,000 and 20,000 degrees Centigrade.

In the steelworks, it will be used to remove the risers and runners from castings far more effectively and efficiently than the conventional flame cutters used up to now.

In its introductory phase, which will continue during 1978, the plasma-arc cutting technique will be used on one-fifth of the output of castings from Magdeburg-Rothensee.

More information from GDR Technical Information Services, PORG, Rayleigh, Essex. 0268 778506.

● PROCESSING

Keeping it rolling

SPECIAL paper drying rolls designed by Holder Consultants of Bury, Lancashire, has enabled the Swedish group, Emsfors Bruk, to undertake a major modernisation programme at a unit previously threatened with closure.

The equipment was required because conventional modernisation at the 160-year-old multi-storey paper mill would have been too costly.

The rolls developed by Holder Consultants, part of the Holder Group, dry every sheet of fibre in one operation, improving the speed and efficiency of the drying process. The designs were engineered into paper-making plant worth £1.2m. by the Holder Group's manufacturing company, Pamac Machinery, at Bredbury, Cheshire, and another group company, Forrest Erection Services, installed the equipment under a contract worth a further £250,000.

The modernisation scheme cost the parent Sodra Skogsagarna group in Sweden some £7m. but according to Holder the Swedish company is now receiving an economic return on its investment and developing its European markets for the lightweight papers in which it specialises.

● PACKAGING

Polyester cord strap

AS AN alternative to conventional rayon cord strapping Lawco has introduced a polyester cord strap.

Compared with the rayon type, it is claimed to offer several advantages, including 20 per cent. higher strength; lower cost; increased water and stain resistance; ability to withstand temperatures up to 280 deg. F; higher rigidity at high humidities; and greater buckle strength.

Other benefits are ease of use—it can be applied with or without tensioning tools (depending on use); it is re-usable; it has good knot strength, and will withstand sharp corners and retightening. It is particularly suitable for strap and buckle systems as the seal efficiency is much higher than with extruded strap.

Available in 1,000 metre rolls, 10, 13, 16 and 19 mm wide, it has applications from bundling building products such as timber and chipboard panels to strapping goods on pallets.

More from Lawco, 60 Vauxhall Road, Liverpool, L69 3AU (051-227 1212), an Ofrex Group company.

● SAFETY

Identifies chemical hazards

WITH OVER 600 different chemicals carried in bulk in the U.K. there is a constant risk that road accidents will be complicated by the presence of unidentified chemicals. That the risk is a real one is indicated by the fact that there is an average of 250 incidents a year involving chemical and petroleum tankers.

To provide non-technical personnel with the sort of information needed to decide quickly how best to cope with a potentially hazardous situation involving chemicals, a fast easy-to-use mini-laboratory test kit has been evolved for the transport industry, and for the emergency services.

Called Hazkit, it consists of a bright yellow plastic box (9½ x 7½ x 7 inches) containing all the equipment and specialist chemicals required to carry out immediate on site identification of chemicals in transport, together with a comprehensive reference manual. It is claimed that this kit makes it possible for all coming into contact with potentially dangerous material to carry out simple analysis.

While the kit is not designed to give instructions on how to deal with spillage of a specific substance and does not attempt to identify individual chemicals, it does provide the acting emergency officer with the sort of information needed to decide quickly how best to cope with the problem.

This information, obtained in minutes, will indicate whether there is any immediate danger from fumes; whether the substance is corrosive; how it reacts with water and whether it is flammable or explosive.

The maker recommends that the initial purchase of the kit is followed at regular intervals with renewal of the chemical contents, so that the kit is always complete and ready for immediate use. Everything required is packed in the box—glassware, chemical reagents, etc.—in two foam trays, even a small torch is included so that the manual can be read in poor light.

Supplied by Fospur, Alfreton Industrial Estate, Nottingham Road, Somercotes, Derby DE55 4LR (077384 4325), a Foseco Minsep Group company, the Hazkit costs £125, and the recommended six-monthly refill costs £60.

● DATA PROCESSING

Talking to any disc

ALL-PURPOSE disc control equipment has been developed to enable the many types of magnetic disc drives from companies such as Ampex, Diablo, Calcomp, CDC, Memorex and Tally, to be attached to any one of very many 16-bit mini-computers.

"Matchmaker" units will thus allow a user to select the disc drives which best suit his purposes rather than being limited to those supplied by the mini-maker.

Up to four drives may be attached to each Matchmaker and storage capacity range will run from 13 to 1,200 Megabytes.

Telefile Computer Products will be showing this equipment at the United States Trade Centre in London, January 16-20.

Telefile, Bank Chambers, 13, High Street, Chesham, Bucks. 02405 75335.

Prints one line each second

A COMPACT dot matrix printer put on the market by Impectron has a moving print head consisting of seven impact print wires in a vertical line driven by seven solenoids. A complete line of 40 characters is printed across 3.3 inches in about one second.

Suitable for incorporation into equipment ranging from point of sale to data logging, model 7040 produces a character height of 0.123 inch. Further, by the use of external control circuits, the printer can be made to produce characters of almost any density or fount.

Because the print head travels at constant speed there is no need for a complex feedback system to determine the correct timing of print pulses. Ribbon feed/reverse and paper feed can be controlled automatically without control signals.

There are no clutches, timing discs or reversing mechanisms; the head always traverses a complete line from left to right and returns to the line start position regardless of the number of characters printed. Five carbon copies can be generated.

More about the unit, which is available with or without paper supply and handling mechanisms on 01-992 5388.

Broader use of complex programs

IN A MOVE to extend its policy of separately pricing software (unbundling), Control Data has announced a new pricing plan for specialised application programs.

"Usage pricing" will allow customers to pay for special software in a manner based directly on the amount they use. It has been developed to make applications software more broadly available to large-system customers in its traditional areas of operation—the petroleum, chemical and manufacturing industries, power utilities, education and the energy and weather fields.

The first package becoming available under Control Data's pricing plan is called APEX III, an advanced mathematical programming routine used to solve linear programming problems in economic modelling: production scheduling and control: petrochemical processing and blending and in transport and distribution.

The net effect is that customers will pay lower total charges for application software during periods when program use is low, and larger numbers of customers should be able to take advantage of new software, especially those in education who may have a limited or intermittent—yet important—need for a program resource such as APEX III.

Closer look at micros

MICROSYSTEMS '78 is a three-day seminar and exhibition designed to demonstrate the possibilities open to the user of microprocessors and associated technology. It will take place at the West Centre Hotel, London, on February 8, 9 and 10, 1978.

Many design and production problems could be solved if the designer knew more about the solutions already available to them. Only a small number of people involved in industry and commerce are aware of all the possible applications of micro-electronics.

Potential uses of microprocessors are unlimited. Their rapid adoption by such people as makers of watches and TV games, and their use to replace electro-mechanical switching devices, represents only a fraction of the field.

Engineers and others who are professionally interested in using microprocessors will be brought in closer touch with the technology: in the seminar the state of the art will be explained, new designs and applications described and individual products presented. The exhibition will display and demonstrate the hardware and systems that are currently available.

Organisers are Iliffe Promotions, Dorset House, Stamford Street, London SE1 9LU, 01-621 8738.

● INSTRUMENTS

Digits give temperature

INTENDED mainly for single or multiple channel temperature measurements in the plastics industry, a digital temperature indicator from Eurotherm should prove useful in other areas of process control.

The single channel version has a 96 x 48 mm panel, these dimensions rising to 96mm square in the more powerful model, which can accommodate a total of ten switched inputs. Both can be used with the mocouples of all commonly available types or with resistance thermometers. The units can also deal with other process voltage or current inputs.

The indicators use a 3½ digit display in LED with characters 12.5mm high; polarity and fixed decimal point are shown and, on the multi-channel unit a row of light diodes indicates the channel selected using a manual switch. Out of range inputs produce a blank display except for polarity indication.

More about the instruments, which have an accuracy of ±0.5 per cent. from Broadwater Trading Estate, Sussex BN14 8NW (0903 31681).

Accurate generator

MADE BY Krohn-Hite Corporation in the U.S. and available in this country from Keithley Instruments is the model 1000 function generator, able to provide sine, square and triangular waveforms at output levels of up to 20 volts peak-to-peak.

Frequency is set by means of a large diameter knob-dial which is calibrated between 0.2 and 300 Hz; using multiplier press buttons this becomes 20 to 30,000 Hz or 2 kHz to 3.0 MHz. Accuracy at four specific points on this dial is five per cent. and is a maximum of 20 per cent. at all other settings.

The instrument also offers a voltage output proportional to frequency to allow frequency plotting on a recorder.

More from 1 Boulton Road, Reading RG2 0NL (0734 861287).

● COMPONENTS

High performance valve

SERIES 400 jetpipe servovalves previously restricted mainly to aerospace — are being offered at 30 per cent. lower prices for general industrial applications where precise control and fast response are primary requirements.

The Abex Denison jetpipe design is tolerant of contamination in the hydraulic fluid, and has resistance to wear or erosion in the first stage operation.

Five models cover 20 to 200 litres/minute. All operate within the 35-280 bar (500-4000 psi) pressure range, with fluid viscosities up to 500 centistokes.

ABEX Denison, Victoria Gardens, Burgess Hill, RH15 9ND, Sussex. 04446 5121.

Valve stops fluid drip

FOR PRECISE termination of fluid flow a miniature pneumatically operated shut-off valve is available from Kay Pneumatics, London Road, Dunstable, Beds., LU6 3DL (0582 609292).

Operating at air pressures from one to eight bar (operating pressure must at least equal fluid pressure), a spring-assisted differential piston opens a self-aligning poppet valve, allowing fluid to flow. When the air is shut off both valve and piston return, but the return spring on the piston causes it to overtravel, which withdraws about 2 cc of fluid from the delivery pipe back into the valve body. This ensures positive shut-off and prevents dripping.

Fluid and air are separated by a double sliding O-ring seal on the piston—if fluid does pass the first seal it drains through a port.

Standard valve bodies and pistons are of anodised aluminium, with nitrile rubber seals and polyethylene poppet valves. This is for non-corrosive fluids of low viscosity. Other materials for more demanding applications can be supplied.

The valve measures 50 x 28 x 19 mm, weighs 60 grams, and has compression fittings for 4 mm od pipe.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan. 4—15	International Boat Show	Earls Court
Jan. 5—14	Model Engineer Exhibition	Wembley Conf. Centre
Jan. 7—12	International Toy Fair	Harrogate
Jan. 7—14	Racing & Sporting Motorcycle Show	Horticultural Halls
Jan. 10—15	International Furniture Show	Nat. Exbn. Centre, B'ham.
Jan. 14—19	British Toy & Hobby Fair	Nat. Exbn. Centre, B'ham.
Jan. 15—18	Stationery Industry Exhibition	Grosvenor House, W.1
Jan. 18—19	Contract Flooring Exhibition	Bloomsbury Centre Htl., W.C.1
Jan. 25—Feb. 1	International Hotel and Catering Exhibition	Olympia
Jan. 29—Feb. 2	Brightshow '78	Olympia
Feb. 5—9	International Spring Fair	Nat. Exbn. Centre, B'ham.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Jan. 11—15	Home Furnishing Textile Fair	Frankfurt
Jan. 12—16	International Furniture Exhibition	Paris
Jan. 12—17	International Lighting Exhibition	Paris
Jan. 20—26	Int. Record & Music Publishing Market	Cannes
Jan. 20—29	International Boat Show	Malmo
Jan. 21—29	International Commercial Motor Show	Geneva
Jan. 27—Feb. 5	International Green Week	Berlin
Jan. 28—Mar. 6	British Technology Exhibition	Jeddah
Feb. 4—7	Knitting Industries Exhibition	Paris
Feb. 4—7	European Men's Wear Show	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Jan. 9—13	Abraxas: Synectics—Innovative Skills	68, Churchway, N.W.1
Jan. 9—20	Urwick: Senior Management in Construction	Slough
Jan. 11	London Chamber of Commerce and Industry: Finance and Payments in the Oil-rich Arab States of the Gulf	69, Cannon Street, E.C.4
Jan. 12	European Study Conferences: Current Cost Accounting, The Hyde Guidelines	Hilton Hotel, W.1
Jan. 12—13	Wharton Econometric Forecasting: Second World Outlook Conference	New York
Jan. 16—20	Kepner-Tregoe: Decision Making for Senior Management	Hartley Wintney
Jan. 17	Durham University Business School: Improving Management Communication with the Expectations Approach	Durham
Jan. 18	Henley Centre for Forecasting: Forecasts for Corporate Plans to 1983	Carlton Tower Hotel, S.W.1
Jan. 18	London Chamber of Commerce & Industry: Understanding Foreign Exchange	54, Lombard Street, E.C.3
Jan. 19	Keith Shipton Developments: Profit from Health and Safety	Manchester
Jan. 19	London Chamber of Commerce & Industry: The Anatomy of Product Liability Insurance	54, Lombard Street, E.C.3
Jan. 23—27	Brunel University: Production Management and Human Behaviour	Uxbridge
Jan. 25	European Study Conferences: Free Collective Bargaining	Portman Hotel, W.1
Jan. 26—27	AMR International: Creative Problem Solving	Churchill Hotel, W.1
Jan. 30—Feb. 3	P-E Consulting Group: Production Management	Egham, Surrey
Jan. 31	British Council of Productivity Associations: Unfair Dismissal	Metropole Hotel, W.2
Feb. 1	Department of Industry: Bulk Materials Handling	Runcorn, Cheshire
Feb. 6	Business Perspectives: China and Britain—The Prospect for Trade	Royal Lancaster Hotel, W.2

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 30, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate. no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	79.0	Germany West Deutschmark	4.02[illegible]	Paraguay..... Guarani	238.10
Albania...... Lek	O10.19(A)	Ghana (S) ..... Cedi	2.20(sg)	P'pl's D.Rp. of Yemen (S) S. Yemen Dinar	(A) 0.654656
Algeria...... Dinar	7.95226	Gibraltar (K). Gibraltar £	1.00	Peru.......... Sol	exc(A) 240.11
Andorra...... French Franc	8.985	Gilbert Is. .... Aust. Dollar	1.66005	Philippines... Ph. Peso	14.12222
Andorra...... Spanish peseta	155.10	Greece......... Drachma	66.713	Pitcairn Is.(S) £ sterling	—
Angola ...... Kwanza	n.a.	Greenland .... Danish Kroner	11.655	Pitcairn Is.(S) New Zealand $	1.86825
Antigua (S)... E. Caribbean $	5.18088	Grenada (S)... E. Caribbean $	5.18089		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LABOUR NEWS

Tyne boilermakers apply for 'fair wages' hearing

BY OUR SOUTH SHIELDS CORRESPONDENT

SWAN HUNTER boilermakers have now jumped on the "fair wages" bandwagon. Their move follows the fair wages awards made just before Christmas by the Central Arbitration Committee of an extra £5.40 to the Swan Hunter outfitters and £4 plus to ancillary workers.

The boilermakers are worried that their pay differentials are being eroded by these awards and have applied to the Department of Employment for a "fair wages" hearing.

The £5.40 award to the outfitters is aimed at getting them off the hook with their 19-week overtime ban over pay parity with the boilermakers and saving the last four ships of the Polish order for the Tyne.

To-day when the yards reopen after the holidays, union officials and shop stewards will be meeting the management in the hope of settling outstanding parity differences and getting the overtime ban lifted later this week.

But the fair wages application by the boilermakers again throws up the spectre of the old leapfrogging game which has bedevilled Swan Hunter pay for years. With their fair wages increase back-dated to November 1, plus their Phase Three award due later this month, the earnings of the Swan Hunter outfitters will jump £4 or £5 ahead of the boilermakers, which has vexed many of the latter.

● The Board of British Shipbuilders was "committed to the hilt publicly and morally" to recognise the Engineers' and Managers' Association in respect of its members in the Shipbuilding and Allied Industries Management Association, Mr John Lyons, the general secretary, said at the week-end. Announcement that a decision would be delayed has led to Shipbuilding and Allied Industries Management members at Smith's Dock, Teesside, applying an overtime ban and withdrawing co-operation over two bulk carriers which are being built as part of the Polish order.

Engineering federation to study productivity

BY ALAN PIKE, LABOUR CORRESPONDENT

THE ENGINEERING Employers Federation is to undertake a detailed study of productivity this year which it hopes will "contribute towards identifying the underlying causes of this national weakness."

This is announced in a New Year message from Mr. Astley Whittall, president of the federation, to chief executives of 6,000 federated companies.

The federation, Mr. Whittall says, warned the Government against including a productivity bargaining "loophole" in its pay policy. "Our dislike of such deals is based on their proven inability to bring about the real growth which British industry so urgently needs."

Procedures for determining pay in Britain were obviously unsatisfactory and served the country badly.

"It is high time to consider improvements to this—the most important unresolved problem facing British industry in general, and indeed the whole nation."

In the shorter term, Mr. Whittall urges members to maintain their resolve to keep inflation at bay. "Immoderate claims, sometimes supported by unconstitutional and hasty industrial action, have imposed strains, but the 12-month rule is being supported and inflationary demands are being resisted."

● The new engineering industry national pay claim now being pursued with the federation is not extravagant, Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers, says in this month's issue of his union journal.

It would represent a 7.9 per cent. increase in wage costs based on the night work, shift work and overtime known to exist.

AUEW ballot likely

BY OUR LABOUR CORRESPONDENT

A BALLOT of Amalgamated Union of Engineering Workers members to break the stalemate which for several years has prevented a full merger between the union's four semi-independent sections is likely around the middle of this year.

At present, the AUEW's four sections for engineering, foundry, construction and white-collar workers have a loose, federal structure. The need to produce a genuine amalgamation has been increased by merger talks now in progress between the AUEW engineering section and the 420,000-strong Electrical and Plumbing Trades Union.

The AUEW and EPTU have widely different structures and, if these talks come to fruition, important decisions will have to be made on how the new union should be run. One issue to be decided would be whether the new unions should be organised on a district basis, as the AUEW, or around industrial groups.

EPTU leaders are understood to have stressed in preliminary discussions that they would not accept a small policy-making body on the lines of the 52-man engineering section national committee. One possibility is an 800-strong conference meeting every three years with industrial committees meeting between conferences.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

[illegible]

Baring Bros. £100 4½pc Prf., 157.5p. Do. 7½pc Prf. 2.625p
Bolton Textile Mills, 0.625p
Chilean 5pc Anns. A (Assd. 1948). 2½pc. Do. 5pc Anns. B (Assd. 1948). 2½pc. Do. 5pc Anns. C (Assd. 1948). 2½pc
Crown Zellerbach, 47½cts.
L. K. Industries 6pc Prf., 2.1p
Progressive Secs. Inv. Trust. 0.9p
Samuelson Film Services, 4.4p
Tarmac 5½pc (free of Income Tax) Prf., 2.75p
Williams (Ben.) 6pc Prf., 2.1p

TO-MORROW

BOARD MEETINGS—
Finals:
Ward (T. W.)
Westland Aircraft
Interims:
Smith Wallis
DIVIDEND & INTEREST PAYMENTS—
Marshalls Universal 5½pc Prf., 1.925p
Sutton Dist. Water 8pc Red. Prf. 1981. 4pc. Do. 10pc Red. Prf. 1980. 5pc

[illegible]

Bankers Invest. Tst. Db. 2pc
Clough (Alfred) 9pcPf. 3.015pc.
Stewarts and Lloyds of S.A. Pf. 3pc

FRIDAY, JANUARY 6

COMPANY MEETINGS—
Lancaster (D. M.) Great Northern Hotel. N., 10.
BOARD MEETINGS—
Finals:
Robert H. Lowe
Interims:
Geevor Tin Mines
Knott Mill
Stead and Simpson
DIVIDEND & INTEREST PAYMENTS—
Bishop's Stores Ord. and A 1.23p (inc 3rd interim div. of 0.01872p o/a yr ended 26/2/77)
Electronic Rentals 2.0223p (inc. supp. dist of 0.0223p o/a yr. ended 31/3/77)
Hampshire 9⅞pcBds Red. 12/7/78 4[illegible]pc
Lothian 11⅜pcBds. Red 4/7/79 5[illegible]pc
Pratt (F.) Eneng Ln. 4pc
Tarmac Db. 3½pc
Wheway Watson 0.35p

APPOINTMENTS

LEGAL APPOINTMENTS

EDUCATIONAL

GOURMET

PERSONAL

COMPANY NOTICES

COMPANY NOTICES

PLANT & MACHINERY SALES

Description	Price	Telephone
8 BLOCK (400 mm) IN LINE, NONSLIP WIRE DRAWING MACHINE in excellent condition. 0/2000ft/min variable speed 10 hp per block (1968)	P.O.A.	0902 42541/2/3 Telex 336414
24" DIAMETER HORIZONTAL BULL BLOCK by Farmer Norton (1972).	P.O.A.	0902 42541/2/3 Telex 336414
ROTARY SWAGGING MACHINE by Farmer Norton (1972).	P.O.A.	0902 42541/2/3 Telex 336414
SLITTING LINE 500 mm x 3 mm x 3 ton capacity.	P.O.A.	
TWO VARIABLE SPEED FOUR HIGH ROLLING MILLS Ex.6.50" wide razor blade strip production.	P.O.A.	0902 47541/2/3 Telex 336414
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control.	P.O.A.	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH LINE max. capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	P.O.A.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"—29"—31" diameter drawblocks	P.O.A.	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max. capacity 750 mm x 3 mm.	P.O.A.	0902 42541/2/3 Telex 336414
1970 TWO STAND WIRE FLATTENING AND STRIP ROLLING LINE, 8" x 7" rolls x 60 hp per roll stand, variable line speed 0/750ft/min.	P.O.A.	0902 42541/2/3 Telex 336414
2 15 DIE MS4 WIRE DRAWING MACHINES 5.000Ft./Min. with spoolers by Marshall Richards.	P.O.A.	0902 42541/2/3 Telex 336414
50 H.P. VERTICAL WIREDRAWING BLOCK x 650 mm dia.	P.O.A.	0902 42541/2/3 Telex 336414
9 ROLL FLATTENING MACHINE 1,700 mm wide.	P.O.A.	0902 42541/2/3 Telex 336414
7 ROLL FLATTENING MACHINE 965 mm wide.	P.O.A.	0902 42541/2/3 Telex 336414
COLES MOBILE YARD-CRANE 6-ton capacity lattice jib.	P.O.A.	0902 42541/2/3 Telex 336414
16 MM TO 28 MM ROD STRAIGHTEN and cut to length line with flying shear and capstan for handling 2 ton steel coil.	P.O.A.	0902 42541/2/3 Telex 336414
RWF TWO STAND WIRE FLATTENING AND STRIP ROLLING LINE, 10" x 8" rolls x 75 HP per roll stand. Complete with edging rolls, turks head, flaking and fixed recoiler, air gauging, etc. Variable line speed 0/750ft./min. and 0/1500ft./min.	P.O.A.	0902 42541/2/3 Telex 336414
NARROW STRIP STRAIGHTENING AND CUT-TO-LENGTH MACHINE (1973) by Thompson and Munroe.	P.O.A.	0902 42541/2/3 Telex 336414
ACME GRIDLEY (BSA) 6 SPINDLE AUTOMATIC 1". Rebuilt and not used since.	P.O.A.	01-928 3131 Telex 261771
WICKMAN 3¼" SINGLE SPINDLE AUTOMATIC. Extensive equipment. Excellent condition.	P.O.A.	01-928 3131 Telex 261771
VICKERS 200 TON POWER PRESS. Bed 40" x 36". Stroke 8". Almost new condition.	P.O.A.	01-928 3131 Telex 261771
SCHULER 200 TON HIGH SPEED BLANKING PRESS. Bed 48" x 40". 200 spm. Double roll feed. Excellent condition.	P.O.A.	01-928 3131 Telex 261771
TAYLOR & CHALLEN No. 6 DOUBLE ACTION DEEP DRAWING PRESS. Condition as new.	P.O.A.	01-928 3131 Telex 261771
PRESS BRAKE 8ft. x ¼" by Sedgwick. Air brake, air clutch, light gauge. Excellent condition.		01-928 3131 Telex 261771
4,000 TON HYDRAULIC PRESS. Upstroke Between columns 92" x 52", daylight 51", stroke 30".	P.O.A.	01-928 3131 Telex 261771
ANKERWERK 400 TON INJECTION MOULDER. Reconditioned.	P.O.A.	01-928 3131 Telex 261771
MACHINING CENTRE. Capacity 5ft x 4ft. x 3ft. 5 Axis, continuous path. 51 automatic tool changes. 5 tons main table load. Main motor 27 hp. Had less than one year's use and in almost new condition. For sale at less than half new price.	P.O.A.	01-928 3131 Telex 261771

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.		0902 42541/2/3 Telex 336414

CINEMAS

ART GALLERIES

The Management Page

EDITED BY CHRISTOPHER LORENZ

Terry Dodsworth describes how Porsche survived an oil crisis and other major threats to remain a member of the car makers' elite.

Gambling in pursuit of power

IMAGINE A company whose business is hypersensitive to the price of oil. Then imagine that this same company is faced with the breakdown of a major industrial partnership, the launch of two highly expensive new products, and the effects of the Yom Kippur war all at the same time. There, in a nutshell, is the position of Porsche, the West German sports car manufacturer, in 1974.

Many people believed in those days that the era of the sports car manufacturer was over. By 1975, specialist car producers were falling like ninepins in the face of rising petrol prices. Enormous stocks built up, and Porsche itself had to slash back production, reducing its manpower by 25 per cent. "At that time, many of the things being published in newspapers about the car industry sounded very different from what they do now," says Professor Ernst Fuhrmann, managing director of Porsche. "In 1974 the automobile was the most criticised product in our society."

Yet this was the period in which Porsche took two key product decisions—to go ahead with the 924 and 928 models—while at the same time committing itself to a policy which would automatically triple the size of the business. So far, the gamble *has come off*. Porsche will shortly announce improved car sales, higher profits, and a much-increased turnover for its financial year which ended in mid-summer. And the 928 has just been voted international "car of the year."

Dr. Fuhrmann explains the company's survival and growth partly in terms of faith in the sports car tradition. "I would say that the sports car is the incarnation of the automobile," he says. This is a very different attitude from the one adopted by Volkswagen, its original partner in the 924 project. VW pulled out of this programme because it was faced with heavy costs on the rest of its model development and did not want to bring in a "doubtful" car at that time. "We took the risk," says Fuhrmann.

By taking on the 924 project single-handed, Porsche moved into an entirely different scale of business than it had previously experienced. This was also, clearly, a risk. At the height of its success with the familiar 911 model—the small, beetle-shaped vehicle introduced in 1964, Porsche had never made more than 14,700 cars a year. Yet investing in the 924 meant planning for a volume of 24,000 units a year of this model alone, a move which would obviously stretch management as well as financial and marketing resources. And at the same time, Porsche sanctioned the development of the 928 model, an entirely new, V8-engined sports car, containing a wealth of innovative ideas which cost the company virtually DM100m. (just over £25m.) to develop.

Viable market

This process of headlong expansion may sound reckless and intuitive. But there was a great deal of commercial logic behind it. Porsche took the view that the 1974 scare over oil prices was a temporary crisis, and that a viable world market for specialist cars selling in the limited quantities it makes would continue. It also saw that VW's withdrawal from the 924 project, while leaving it temporarily more exposed, gave it the opportunity to establish a wider base to its business. A bargain was therefore struck. Porsche agreed to buy VW's share in the 924 for DM120m., and to help keep open VW's plant at Neckarsulm, then threatened with closure, by making the car there. In return, VW agreed to finance the acquisition with a DM120m. loan, at a "fair" rate of interest.

On the marketing side, also, Porsche was able to strike a deal. In 1967, when the two German car companies had got together *to make their first* large volume sports car — the VW/Porsche — a joint marketing company had been established. This was built on Porsche ground, with marketing manpower and expertise injected by both companies — Porsche has always distributed through the Volkswagen network except in its own companies in the U.K. and France. In 1974, Porsche simply took over this ready-made marketing organisation.

The effect of these changes can be seen in the increase in the volume of Porsche's business in these years. In the 1974-75 year, the company hit its low production point of 8,600 cars. But by last year this had recovered to 37,000. At the same time, turnover has risen from DM350m. to more than DM1bn. Yet borrowings have remained fairly constant except for the VW loan of which DM70m. is still outstanding.

In terms of profitability, Porsche does not cut such an attractive figure. In 1975-76 profits amounted to a return of only 1.2 per cent. on turnover, and last year it probably improved to only about 1.7 per cent. But this is in line with its targets. Porsche is still a tightly-held group, with ownership in the hands of the Porsche and related Piech families, and, as yet, it does not need to produce the kind of profits readily to attract equity funds. It cultivates an image of solidity instead. Growth has been largely self-financed, and investment, for the size of company, large. Over the past five years it has ploughed back DM310m; this year it is injecting another DM80m., covered largely by a depreciation charge of DM70m.

Clearly these policies may, in time, change. Indeed, the way was prepared in a dramatic move a few years ago by Dr. Ferry Porsche, when he swept *all the leading members of the* Porsche and Piech families out of executive office. Dr. Porsche, the guiding light of the company and son of Professor Ferdinand Porsche, the legendary Austrian-born designer of the VW Beetle, took the view that management was becoming ingrown. If one member of the family had to go, they all had to go, he said. The family, unquestionably talented, now sit only on the holding Board, while the company has altered its status so that it is allowed to attract public funds.

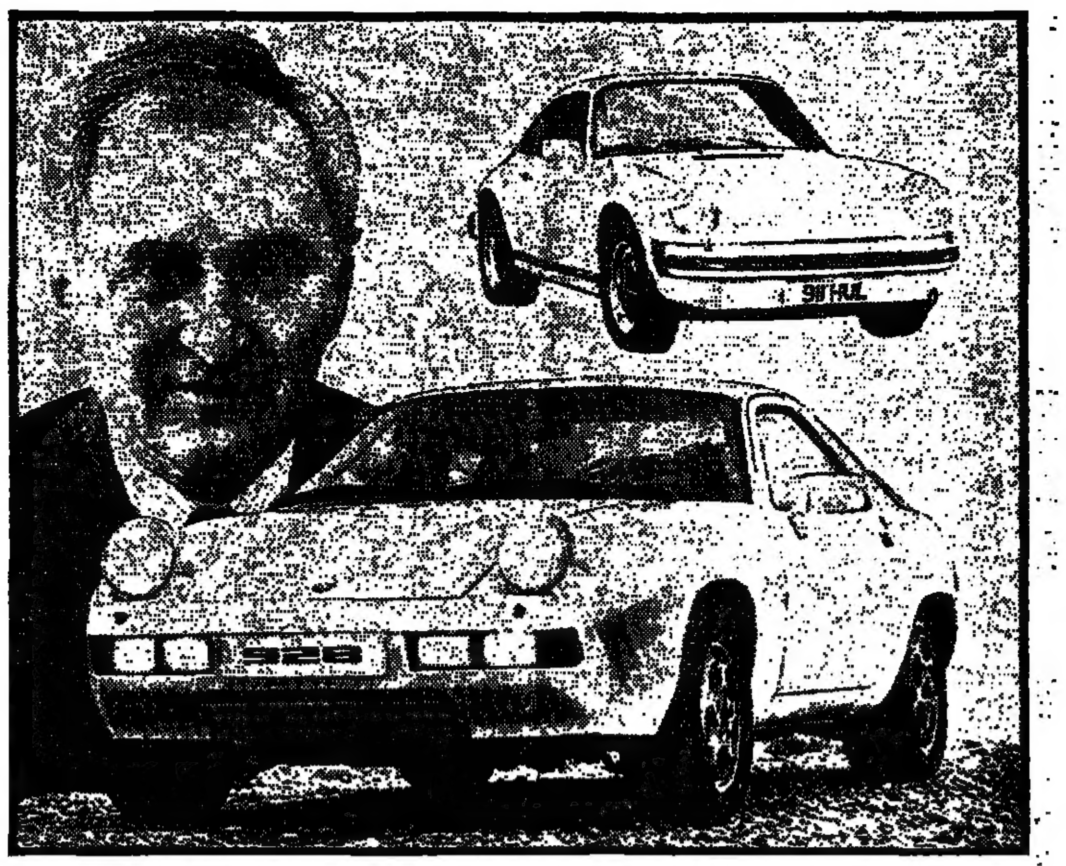
So far, these new sources of funds have not been needed, and the old principles still persist: the ship is run tightly, profits are ploughed back, and the company sticks firmly to its independence. *But no one at Porsche pretends* that this is easy. "Porsche has a chance of coming through. But it is absolutely not safe," says Dr. Fuhrmann. "At the moment we have a boom, and in a boom every stupid person who wants to build a car and sell it can do so.

The threat to the small car companies is coming mainly from the cost of development to meet burgeoning Government legislation on safety, environment and fuel economy. "The limit on our range now is not so much our production methods and costs. It is now imposed by development costs to fulfil all the legislation on environment and safety. These costs are the reason why in the next ten years 80 per cent. of the names in specialist cars will disappear."

So how does a small company survive? In the case of Porsche, says Dr. Fuhrmann, it has first sought to offset the expenditure on research and development by seeking out contract work in a similar field to cover its own investment. Instead of limiting its size, therefore, Porsche has expanded, building a DM70m. technical centre stuffed with sophisticated instrumentation and test equipment. This has served virtually every motor company in the world at one time or another, and is currently doing work for the German Government.

The second principle of survival, says Fuhrmann, is to design models which are capable of plenty of development. "There are two possibilities for handling model development. One is to invest a big amount in a model and produce it for four or six years with a very limited further investment; this is the way most big companies do it. The other way is to develop a car to a reasonable limit. Then you build it for 15 years, having a further stab at development every two years or so. This is the way we do it, and for a small company like us the actual investment is lower. There is no point in our changing tooling every five years — *at the rate we build, tools last* 25 years."

The 911 model is a classic example of this policy. The same bodyshell — and therefore the same basic tools — is still being used 13 years after the launch of the original vehicle. But it now performs very differently, and has had variety added with the introduction of the turbo-charged vehicle into the range. The 911 will be kept going as long as possible: all Porsche will say on this is that it will be abandoned if sales drop below 4,500 units a year.



Professor Ernst Fuhrmann, managing director of Porsche, with the 924 model sports car (top) and the latest 928 V8-engined model, just voted "car of the year"

But ultimately, says Fuhrmann, the question of Porsche's survival comes down to being able to offer the motorist the kind of cars he wants. By maintaining its independence, and through that its commitment to its own engineering standards, Porsche reckons that it can continue to offer something extra to the sports car cognoscenti.

Whether this will prove correct in the case of the 928 is the question everyone in the industry is now asking. The vehicle is very expensive—it will probably cost about £20,000 when introduced to the U.K.—and incorporates *a new philosophy* for Porsche: "In the 1950s it was very easy to build a sports car. It only had to go 10 mph faster than a saloon car. Now speed alone is no longer so important. We think to-day that the sports car should be above average performance in everything except space."

This means that the 928 is designed to be quieter and smoother than the traditional Porsche. But it also, at the moment, lacks the shattering speed and acceleration that are at the heart of the present model's attraction.

Many critics feel that Porsche should have stuck to its more traditional virtues and moderated its prices. They argue that, like a number of European vehicle manufacturers, in trucks and volume cars as well as the sports car field, the company is moving to a level of sophistication which the customer can no longer afford. Porsche's job is now to disprove this theory.

How the State generates new jobs in small firms

By Alan Pike

PEVROSE TOYS at Hartlepool did not exist until Mr. Denis Healey announced the introduction of the Government's Small Firms Employment Subsidy in his Budget last March.

Mrs. Rosemary Coldwell, its owner, says that without the subsidy she would constitute the firm's entire workforce to-day. Instead, the subsidy enabled her to take on three staff and they were later joined by two more to help cope with seasonal demand.

Measures on this scale may not appear immediately impressive when set against current unemployment levels. But every single job created is valued by the person who gets it, and the subsidy experiment is also important because it breaks new ground in job creation measures.

Under the subsidy scheme announced by Mr. Healey in March small firms have been able to apply for £20 per week grants for every additional worker taken on after Budget Day. As well as being experimental the scheme is limited in its application: it applies only to private *manufacturing* industry in special development areas and is restricted to companies with fewer than 50 workers.

The subsidy was the Government's first, limited response to TUC demands for a much more broadly based job expansion payment to help encourage employers to take on extra labour. However, within the terms of its own self-imposed limitations the scheme has stimulated hundreds of employers in the special development areas to think about increasing their workforces. So far 1,402 applications creating 2,600 jobs have been approved by the Department of Employment, and the scheme, originally destined to end this month, has now been continued until March 31.

At Pevrose Toys, Mrs. Coldwell may have to lay off her two extra workers now the Christmas season is over, but she hopes she has reached the point where she will be able to keep the other employees on her staff even if the subsidy is eventually withdrawn.

While modest in absolute numbers some of the increases in staff which have taken place as a result of the subsidy are quite striking if measured in percentage terms. Unihouse Ltd., a company manufacturing electrical equipment at Clydach Vale, Mid Glamorgan, had a workforce of five full-time and two part-time before the subsidy was announced. Its owner, Mr. Paul McCathy successfully applied for assistance and only employs 12 full-time and four part-time workers. He says that the subsidised employees have helped to advance the development of the company and he intends to increase his labour force still more in the New Year.

The originality of the Small Firms Employment Subsidy rests in the concept of paying employers to take on extra labour from the unemployment registers. This is a fundamentally different approach to other job-support measures, notably the much more extensive Temporary Employment Subsidy under which companies are given Government financial aid to avoid declaring redundancies.

Ministers and officials clearly preferred the Temporary Employment Subsidy approach and this is a principal reason why the small firms scheme is on such a limited scale. One major objection to paying employers to take on additional labour is the possibility of abuse.

Support

Another possible criticism—that the payment of subsidies will lead to inefficient use of manpower — would not be accepted by some of the firms which have taken part in the scheme. Mr. Trevor Branwhite took on one man with the help of the subsidy earlier in the year *taking the total workforce* at his welding and metal fabricating business at Beaumaris, Gwynedd, to four. To-day Mr. Branwhite's labour force is down to two. "The idea of the subsidy is a good one and I support it," he said. "But if you do not have enough work it is impossible for a small business to carry unnecessary labour, *even* if the Government is meeting part of the cost."

In any case, the cost of job subsidy schemes must be measured not only against their social worth but against savings in other areas of Government spending. The present experiment is not costly—the Government calculated when preparing the scheme that 5,500 jobs could be provided for less than £3m.—and this is good value when measured against reductions in unemployment and supplementary benefits.

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Living with a strong pound

IT NOW seems virtually certain that the strong rise in sterling during our undeclared national holiday was not simply an accident due to the weakness of the dollar. The authorities seem to have stuck to the policy of free floating adopted at the end of October, and last week their inaction in the exchange market amounted to a positive choice. It is too early to say whether a strong pound has now become an official policy objective, in spite of the distress it may cause in the short term to exporters and to the equity market, or whether it is simply an incidental result of continuing efforts to stick to official objectives for the money supply. Either way, the Government has placed lower inflation ahead of immediate recovery in its priorities.

Real wages

Like other strategies aimed first of all at reducing inflation—the monetary policy itself, the attempt to secure wage moderation, and the restraint imposed on public spending—a strong exchange rate promises less growth than has been forecast in the short term, and probably in the whole of 1978, but could provide a sounder base for long-term growth. A strong exchange rate means that demand in the home market should benefit from higher real incomes, but that British industry will face stronger competitive pressures in the home market as well as abroad. Companies which are anywhere near an international standard of efficiency should still do well, for even at its present level, the exchange rate leaves British real wages low by comparison with our main competitors. The average British firm, however, will find the going tough. This is a policy to encourage structural change in the long term rather than growth this year.

The new policy, if it lasts long enough to be dignified in these terms, fits in well with the declared preference of the Prime Minister and the Chancellor for a slow and steady approach to expansion—a promise for the long term rather than an immediate boom; and if *Mr. Callaghan reckons that* there are more votes in an extra point off inflation than an extra fraction on the growth of output, the long-term strategy may also serve his short-term needs. However, in a year when the growth of world trade will be slow at best, he may have to defend this policy with the kind of obstinacy which he has already shown to the firemen. Industry, worried about the pressure on its profit margins, the trade unions, concerned with employment, and a large school of economic advice will unite to urge the merits of competitiveness rather than competitive pressure. Except for the consumer, it is more comfortable.

It must also be remembered that it is difficult for the Government to stick to any policy about the exchange rate, apart from a passive acceptance of market movements, if the markets remain as turbulent as they have been recently. The Government was only recently forced on to its present policy, and even if it is at present making a worthwhile virtue of necessity, it is only too easy to imagine circumstances which would force it to reconsider its priorities. If the dollar situation does not soon stabilise, the pressure on sterling could produce the kind of consequences already seen in Japan and Germany: a pressure on profit margins so severe as to demoralise industry entirely, and cause a collapse of investment. A policy of appreciation calls for judgment and moderation rather than a carefree overdose, but this may be hard to manage in disorderly markets.

Stability

In other words, the fact that we are floating freely upwards does not alter the fact that we have a strong national interest in more stable conditions in the *currency markets; and this* means doing something about the dollar. While no-one wants to see President Carter abandon *his growth objectives*, and his difficulties in getting his energy policy enacted are obstinate, he could certainly help to reassure international opinion by admitting that other countries have a legitimate interest in U.S. monetary policy.

Indeed, as long as the weakness of the dollar provokes large interventions in the exchange markets by other central banks, it is they rather than the Federal Reserve Board who are restraining the growth of the U.S. *money supply—which is* defined to include foreign-held dollars. Co-operation on this question would reduce uncertainty and help trade, as well as helping our own and other Governments to pursue consistent policies which are good-neighbourly as well as domestically promising.

Uneasy meeting at Aswan

IN CONTRAST to the geniality of their talks in Washington last spring tomorrow's brief exchange at Aswan between President Jimmy Carter of the U.S. and President Anwar Sadat of Egypt may be strained. Yet the good personal rapport struck up at their first meetings should help to ease the tension created by Mr. Carter's airing of his views on the form of a Palestinian "homeland" before his departure on his present six-nation tour.

Certainly, the change in his tight schedule shows the *seriousness with which the U.S.* leader regards Mr. Sadat's strong reaction to his stated preference for an entity which would not form a separate and independent Palestinian state.

Carter's statement

Following the disappointing deadlock in the summit meeting between Mr. Sadat and Mr. Menachem Begin on Christmas Day the Egyptian leader was taken aback at what he saw as an endorsement by Mr. Carter of Israel's peace plan. For Egypt the offensive part of a characteristically convoluted and heavily qualified statement was Mr. Carter's belief that a Palestinian entity should be only semi-autonomous. He will no doubt be at pains to explain to Mr. Sadat that he was giving his personal opinion.

Somewhat surprised and alarmed, U.S. officials were quick to assert last week that Mr. Carter had said nothing new. Even so, Mr. Sadat had some justifiable reasons for complaint about the timing and emphasis of the American President's remarks. They came at a delicate point of stalemate and in Arab eyes their sum total amounted to a less than even-handed bias in favour of Israel.

Objectively, given the ruling Likud bloc's electoral position of no withdrawal from the West Bank or Gaza Strip, Mr. Begin's proposal for a limited form of autonomy for the Arab people there might be seen as "a long step forward," as Mr. Carter said.

Nevertheless, it falls far short of the Arab demand, still championed by Mr. Sadat in his peace initiative for complete Israeli withdrawal and the establishment of an independent Palestinian state. From this fundamentalist position Mr. Sadat has not formally shifted.

Yet he has made a big stride forward to compromise by not upholding the "right" of the Palestinian Liberation Organisation to take control of evacuated territory and set up a political entity on it—despite his commitment to such a solution under the resolutions of the Arab summit conference of 1974.

To break the impasse Mr. Carter may argue that a Palestinian entity with only limited autonomy would be the first step towards the creation of a *fully-fledged State when Israeli* fears and distrust have been allayed. Such reasoning is unlikely to satisfy Mr. Sadat. He, in turn, is expected to call on the U.S. to use persuasion and pressure to bring about greater Israeli flexibility.

Begin's plan

So far the Egyptian leader has avoided the temptation of a bilateral accord with Israel which he could have any time and would be acceptable to the majority of his people. It is still a matter of speculation how far Mr. Sadat is willing to compromise in negotiating a comprehensive settlement.

Clearly, however, he has not been offered nearly enough to present to Jordan, Syria and the Palestinians — saying, in effect, take it or leave it — so that Egypt can conclude its own peace agreement. After a period in which Mr. Sadat's dramatic peace initiative has run ahead of U.S. diplomacy the time seems ripe for more active mediation, not the least with the aim of softening the tough terms of Mr. Begin's peace plan.

What went up, and what down, in world stock markets in 1977

General unease with a few bright spots

BY NICHOLAS COLCHESTER

1977 PERFORMANCES IN THE FIVE MAIN MARKETS

	Officially expected GNP growth early 1977 %	Outcome for 1977 latest OECD estimate %	Corporate profits forecast for 1977 at start %	Corporate earnings growth estimate at end %	Expected dividend yield on year-end prices %	Long-term Gvt. bond yield end 1976 %	Long-term Gvt. bond yield end 1977 %	Trade weighted currency movement %	Market change over 1977 %	Index
U.S.	5.25	4.75	10–15	+15	4.3	7.2	7.9	− 3	−10.5	NYSE
JAPAN	6.5	6	+20	− 5	1.9	8.5	6.5	+20	− 2.6	Nikkei-Dow
GERMANY	5	2.75	+10	− 2	5	7.3	5.7	+ 6	+ 7	Commerzbank
FRANCE	4.5	3	+ 9	+10	7	11.0	11.1	− 1	− 6.5	CAC Index
U.K.	1.5	0.25	+25	+14	6	14.3	10.5	+ 8	+42	FT Actuaries All Share

IN GENERAL, world stock market prices fell in 1977. The Capital International World Index, with currency changes ignored, registered a decline of 7 per cent. In many stock markets share prices ended the year weakly after the moment in late September when the IMF asked pointedly for more economic stimulus. Thereafter the talk of protectionism and of the problems of basic industries grew louder and share prices seemed to reflect increasing unease about the prospects for continued economic growth.

In spite of this vague unanimity, individual stock markets were non-conformist in *their behaviour*. The New York Stock Exchange had a gloomy year in spite of a U.S. private sector whose turnover and profitability were up to initial expectations. The U.K. had an outstanding market, and Germany a solid one, in apparent disregard for disappointing growth in GNP and in corporate profits. The Paris Bourse played politics to the exclusion of almost all else. In Tokyo, after an initial boom, the market hung in suspended animation through the year until poor profit figures, the rising Yen, and the threatened outlook for world trade dealt it a series of body blows in the final quarter.

The common theme that can be seen running through these differing movements of the major bourses is a continuing predilection for yield among those investing in equities. It is consistent with a lack of capital investment and a general scepticism about the prospects for growth that investors should prefer yield to-day to the chance of growing profit and an appreciating share price to-morrow. This preference accounts, as we shall see, for the strength of the West German market, the vulnerability of the Japanese market and the faded glamour of Wall Street's "nifty fifty" growth stocks.

Yield-consciousness has underlined the tendency for equity markets to rise where interest rates are falling—only Japan's rather rarefied market failed to conform to this in 1977. It is also consistent with the growing *monetarism in the stock markets*, most clearly seen on Wall Street—whereby the money supply figures are scrutinised obsessively for early warning that the central bank will be acting to raise interest rates.

The scepticism among U.S. investors and U.S. businessmen *about America's continuing* prosperity appeared quite perverse to European observers. The real growth in the American economy and in corporate profits was up to expectations and was more than satisfactory by European standards. Yet the market started with the Dow Jones Industrial Average at its year's high of 999.75 and declined steadily thereafter finishing at 831.17—close to its year's low.

By the end, the U.S. pension funds were saying that shares should account for only 60 per cent. of their portfolios, the lowest proportion in a decade. The same growth stocks to which they had cheerfully awarded price/earning ratios of around 40 in 1972-73 they now demoted to a p/e of 15. The Dow Jones index probably overstated the market's decline because of the basic industry stocks in its make up, but the much broader based New York Stock Exchange (NYSE) index confirmed that the overall trend was down with a 10.5 per cent. fall over the year.

Takeover boom

There was something of a takeover boom in U.S. industry and this was occasionally referred to as evidence that stocks were unreasonably cheap. Yet this boom was not inconsistent with industry's lack of confidence in the future, because corporations were acquiring other people's slices of existing manufacturing capacity rather than adding to that capacity themselves. *It was indicative of* Wall Street's lack of faith in overall growth that the only companies that were considered worth purchasing on a growth basis were predominantly the small ones quoted on the American Stock Exchange and in the over-the-counter (OTC) market. The indices of both these markets rose respectably over the year with the Amex climbing by 14 per cent.

Some of the blame for this pervasive pessimism was heaped on President Carter and his unnerving tendency to announce grand schemes first (tax reform, energy) and think about the *problems afterwards. Then there* was the lack of clout of his Council of Economic Advisors, the departure of Mr. Bert Lance and subsequently that of Dr. Arthur Burns, the chairman of the Fed. It was also observed that the small investor had lost his appetite for a market that had gone nowhere so far this decade, and that the crisis of profitability among the Wall Street brokers did nothing to add bullishness to the atmosphere.

At the end of 1976 German institutional investors were generally sceptical about the outlook for their own market, and very optimistic about Wall Street. Although their forebodings about German economic *growth proved justified*, Germany's rather sleepy stock *market wrong-footed them*. The significance of the reform of corporation tax burnt with a slow fuse through the first quarter but it finally burst upon Germany's very yield-conscious investors from April onwards.

The reform allows German shareholders to present a coupon, reflecting the corporation tax already paid on distributed profit, as part of their personal tax payment. There remains great uncertainty—particularly in view of the deteriorating profitability of German industry this year—how much *of this dividend bonus companies* will make available to their shareholders. Sticking its neck out, Dresdner Bank reckons that the effective average dividend yield for 1977 in Germany could be close to 5 per cent. This means that the yield gap between shares and prime bonds is now less than 1 percentage point.

Dividend yield

The falling dollar has helped the German market by keeping domestic investors at home and by attracting U.S. investors to Germany. The winning sectors have been banks and utilities, which have been helped by low and falling rates of interest. The motor sector has benefited from the continuing high level of car sales. Volkswagenwerk *posted a gain of 53 per cent.*: it was a recovery situation with a high profile in the U.S. Construction shares were also strong on the basis of fat overseas order books, with Hochtief outstanding. The losers were the steel, basic industry, and chemical stocks with BASF dropping 15 per cent. over the year.

The Japanese market appears from its fundamentals to be cut out to be the fall guy in the perveding economic climate—although since it is a highly speculative market one must be wary of applying too much logic to it. A dividend yield of just 1.9 per cent. means that the whole of the Japanese market has a glamour rating and peculiar vulnerability to recessionary fears and adverse exchange rate movements.

Tokyo's year started on the back of a strong post-election rally with the economically competent Mr. Fukuda installed at the helm. There were some nasty moments in April when the Yen displayed its underlying strength but by and large the market held up until the late summer sustained by institutional liquidity and by a passable bevy of profit figures for the six months ending in March. From October onwards the uninspiring outlook for world trade, the 20 per cent. revaluation of the Yen, and a *severe setback in profit figures* for the reporting period that ended in September, weighed heavily on the market. From a high of 5287 in early September the Dow index fell 8 per cent. to finish the year at 4865 or 2.6 per cent. below its level at the start.

The losers in this process were the big exporters like Sony, which dropped 44 per cent. from its year's high; Pioneer, down 53 per cent.; or Toyota, down 40 per cent.; and it seems possible that there was some over-reaction here. The gainers for the year were companies liable to benefit from Japanese efforts to stimulate the economy — utility companies, construction companies.

The turning point for the French market last year was, it is claimed, a television debate between Prime Minister Raymond Barre and the Socialist leader, M. Francois Mitterrand, on May 13. This gives *some indication* of the Bourse's priorities. After falling 19 per cent. in 1976 the market was shaken by quarrels within the governing coalition and by the rise of the Left in municipal elections. By May 10 the index had fallen another 21 per cent. to the lowest point in its history—50.4. Three days later M. Barre outpointed M. Mitterrand and the market began to wonder whether an average dividend yield of 9 per cent. was really necessary.

Its recovery was spurred on by further division in the French Left in September but petered out from mid-October onwards when some poor inflation figures and the worsening economic outlook re-asserted themselves. The market ended the year on a morose note with the stock exchange on strike and the CAC index registering a decline for the year of 6.5 per cent. The strong stock market sectors were insurance and motors, both of which registered rises averaging 12 per cent. Michelin rose 18 per cent. and Peugeot-Citroen 40 per cent. The losers were the steel and basic metal stocks which shed an average of almost 50 per cent.

The British equity market was the prima donna in 1977 and it took very skilful and selective investment on any other world bourse to match the general rise in British share prices this year of 42 per cent. The country's abrupt return to a state of financial grace at the end of 1976 was reinforced by hopes for a 25 per cent. increase in earnings, by tumbling interest rates, and by a feeling that the Government's insistence on dividend *restraint* might be weakening. The inflation rate came down during the year and the Government held the line on pay restraint to the point where many managements were confiding that it had become a nuisance.

The market's euphoria

As in the U.S., it was shares in the smaller British companies that did best this year and the actuaries industrial group index showed a gain of 50 per cent. compared with the rather smaller increase of 38 per cent. registered by the FT 30 share index. Yet paradoxically it was these 30 large industrial shares that most accurately reflected the market's euphoria in September with the FT index rising to 549.2 and thus beating its record set in May, 1972 by 5.6 points.

From that moment onwards economic reality began to reassert itself. The spell was broken for investors by a set of disappointing results from industrial companies culminating in depressing third quarter figures from ICI. By October the fall in interest rates, which had been such a powerful tonic to both the gilt and equity markets, had run its course after lowering the Minimum Lending Rate by 10 percentage points to 5 per cent. over the preceding year. In November MLR jumped abruptly upwards again. The weak finish to the year, which was matched in Paris and in Tokyo, reduced the gain on the FT Actuaries all share index to 42 per cent. from its maximum gain of 62 per cent. registered in October.

The break down of the winners and the losers in the London market last year was evidence that a reaction to all-pervading financial gloom had taken place. For it was not the stocks which one normally associates with future growth — the service sector, high technology, energy — that profited the most, but basic industries. By investing in contracting and construction companies, or in machine tool producers, the British investor could double his money last *year. Heavy engineering stocks* gave him a 75 per cent. gain. At the bottom of the league came the banks, the shipping companies, the oil and the tobacco companies.

Guard's van

This unlikely constellation of performers shows the danger of drawing conclusions from price movements over the arbitrarily chosen period of one year. Yet the London market in 1977, taken together with the others, seemed to hint at what are the ideal conditions for a strong stock market. The country in question must be the guard's van, rather than the locomotive, of the world economy. Its industry must face inadequate but growing overall demand so that a prospect of growth can be combined with falling or stable interest rates. Its currency must reflect an economy that is on the mend rather than heading for disaster; it must be strong but not too strong.

The Swiss stock market, not yet mentioned, shows the great and almost self-fulfilling attraction of a firm and inflation-free currency to investors in a world of floating exchange rates. Of all the world's significant stock markets the Swiss market is the only one to have outstripped inflation over the past two years —London's fireworks in 1977 notwithstanding.

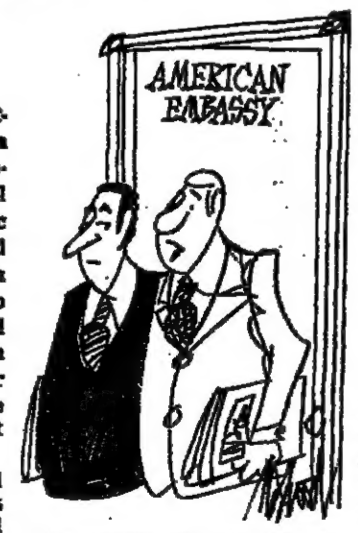
MEN AND MATTERS

Light and heat in the Commons

When the Goliaths of the lighting industry give evidence to a Commons select committee tomorrow week, their gaze will surely wander to the public gallery in search of the David who has caused them so much trouble. "I've been told to wear chain mail," jokes David Meiklejohn, who is coming down *from* Fife in Scotland to hear Philips, Crompton and GEC give evidence about the life of light bulbs.

Meiklejohn is a 33-year-old mechanical engineer who has been researching "planned obsolescence" for a Ph.D., and it was an article he wrote for *New Scientist last June that set* the select committee in motion. In essence, the heated debate centres on the average 1,000-hour life of the British light bulb—a standard which has been rigidly stuck to since 1921. Manufacturers insist that this is the most efficient life and that customers just do not want long-life bulbs, whereas the Meiklejohn camp argues that the public is being kept in the dark, as you might say, about how long a lamp should last.

Thorn addressed the select committee last month: its research and development director, Anthony Willoughby, put up a doughty defence. The companies are *subjecting* the committee, chaired by Arthur Palmer, Labour member for Bristol North East, to all the science and sincerity that can be mustered. It is said that Philips have spent around £50,000 on preparing evidence. Clearly, any governmental acceptance of Meiklejohn's argument that 2,000 hours should become the norm would have stupendous consequences: output of the light-bulb factories would be halved and likewise



"Of course the President's speech is open to several interpretations . . . and will probably get them!"

half of about £2bn. invested in machinery would be in jeopardy.

When I talked to Meiklejohn he was frank about this aspect. "I also realise that retailers *do* not like long-life bulbs—they cut everyone's turnover." But he argues that the public is not equipped to make the best choice and that an independent body should be set up to fix a standard lamp-life. He points to Norway, where 2,500 hours is the norm and where Thorn sells a long-life bulb. But most of all he points to the U.S., where a 10,000-hour bulb was introduced in 1957 and the 1,000-hour bulb is almost extinct. A 2,000-hour bulb uses 8-10 per cent. more power—which might be a factor for people worried about electricity bills.

Meiklejohn will be *giving* evidence on January 25, as will another critic of the companies, Dr. Sigmund Prais of the National Institute of Economic and Social Research. Of course, politicians have been staring suspiciously at lightbulbs for decades: there was a Monopolies Commission report in 1951 that recounted, among much else, *how between the wars the manufacturers' organisation*, Phoebus, fined members who made bulbs lasting more than 1,500 hours.

As it happens, Thorn introduced a double-life lamp six weeks before the select committee began taking evidence. Aparently it is not selling well — and having tried several London retailers between Christmas and New Year, I know why. You cannot find it. But you can get plenty of Polish and Hungarian bulbs, heavily undercutting the British brands in price. I asked Meiklejohn how long they might last. "Only 1,000 hours, I think," he answered sadly. Perhaps Arthur Palmer and his colleagues should invite the socialist countries to explain why they are imitating our capitalist practices.

Better unsaid?

President Carter's tour seems to be setting a record for gaffes and indiscretions. Our man in Tehran, Andrew Whitley, yesterday had one to himself, while travelling down in the lift in the local Hilton. (All the journalists, plus a small army of U.S. security men, are staying in the hotel, while *Carter is up in the Shah's* palace.)

The only other occupant of the lift was a security man, who ignored Whitley and kept a walkie-talkie pressed to his ear. All at once, a voice came from the set:

"Has anyone seen Carter? We seem to have lost him."

There was a brief, tense, silence. Then another voice responded light-heartedly: Have you tried the massage parlours in this joint?"

Keynesian memory

The artist who was once in love with Maynard Keynes spent his New Year painting watercolours in Aldermaston. When I asked Duncan Grant what he remembers about the economist, a rather distant look came into his eye. That is hardly surprising, since Grant will be 93 this month and it was back in the 1914-18 war that he was closest to Keynes. They had met in a pub in Victoria Street, London. "I liked Maynard because he was extremely intelligent," says Grant. "And he was so nice to me."

Grant is staying in Aldermaston with the poet Paul Roche and his American wife Clarissa. The last surviving member of the *Bloomsbury* Group, he is now confined to a wheelchair. Bearded like a patriarch, he wears a large Mexican hat with a feather in it while he paints.

Grant has painted so much in his long life that he cannot remember "Ballet Scene" (1934), in oils on board, which *is hanging in Bracken House*. When told it had grown rather dark with age, he advised: "You should clean it with washing-up liquid." I did so, very gingerly —and Grant's dancers are glowing anew.

Why remind us?

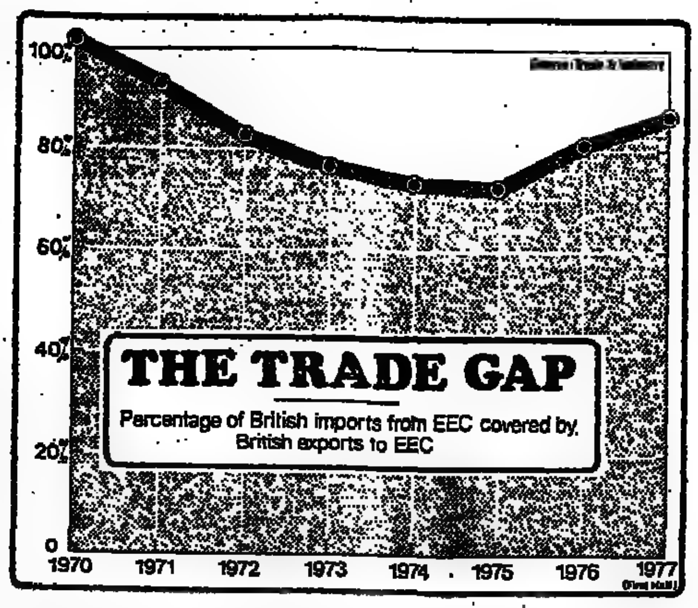
Clearing up wrapping paper and other Christmas detritus, I was idly scanning a gifts booklet sent out by a Sussex department store. One offering was captioned: "Bring your children up to date with this superb colour-printed Globe of the World in 1977. Can be blown up in a couple of minutes."

Observer

The EEC's five years of the Union Jack

By REGINALD DALE, European Editor

TO-DAY'S EEC bears little resemblance to the comfortable club that Britain, Ireland and Denmark joined just five years ago. When the Union Jack rose for the first time on the Brussels flagpoles in January, 1973, the October War, the oil crisis and world recession were still around the corner. The Nine at their Paris summit the month before had just pledged themselves to "European Union" by 1980 and reaffirmed their commitment to economic and monetary union by the same date. The smaller member countries were looking to the U.K. to contribute its cultural and democratic traditions to a new burst of progress towards the European ideal. In Britain, there was still talk of the "cold douche" of EEC competition that was to galvanise the country's industry into a dynamic new period of prosperity.



Now, five years later, as the three new members complete their period of transition to full compliance with Community rules, the picture is very different. Britain has emerged openly, indeed complacently, as a major new "Gaullist" force in Brussels; economic and monetary union—let alone "European union"—are more distant than ever, and the Community is about to run the risk of diluting itself still further by admitting three new relatively backward Mediterranean members. Thanks to the U.K.'s democratic traditions, the first direct elections to the European Parliament are about to be postponed, and last year was the first to produce an opinion poll showing that more people in Britain disapproved of the EEC than approved of it.

It is true that many of the optimistic expectations of the early 1970s have not materialised. There has been no industrial miracle—investment has if anything flowed outwards rather than inwards—and Britain's farmers are bitter at the way they feel the complex workings of the Common Agricultural Policy have robbed them of the benefits of the EEC's high farm prices. Popular disillusion has been fostered by the Labour Government's tendency to treat other member countries as adversaries, rather than partners, and the Community itself as an alien organisation antagonistic to British interests.

None of this, however, has had much impact on the steady process of fitting Britain into the Community framework that has been carried out over the past five years. There was, of course, the time-consuming "re-negotiation" of the original entry terms, completed in the spring of 1975. But that changed little of substance beyond securing additional guarantees that the British contribution to the budget would not rise too fast and that New Zealand's interests would be looked after.

With most of the transitional steps already taken, the end of the five-year period has brought no dramatic changes. British exchange controls, which should have been totally abolished for EEC transactions on January 1, will be only modestly relaxed following negotiations in Brussels that were concluded just before *Christmas.* Now that the period is over, the three new members no longer benefit from a special safeguard allowing them to protect sectors unduly affected by EEC competition, and a variety of regulations come into force on such items as food additives, the marketing of pharmaceutical products and cigarette taxation. From now on the U.K. will no longer insist on the need for prior authorisation for nationals of other EEC countries to seek jobs in Northern Ireland.

The most important of the final steps which comes into force with the New Year is the last of the six adjustments to align U.K. farm support prices with the full Community level. The main products affected are beef, butter, cheese and cereals, which will rise by amounts varying from 4 to 12.5 per cent. For other products like sugar, pigmeat, eggs and poultry, the transitional period has already been completed, and the Ministry of Agriculture is confident that the New Year support price increases will add no more than about 1p in the £ to food prices at retail level.

Even with ths final adjustment, however, British farm prices will only be at EEC levels in nominal terms. Because of the decline in the value of the pound since 1973, and the use of artificial "green currencies" to calculate national prices, British farmers are still receiving 30 per cent. less than they would if the Community's common prices were converted at the real exchange rate. It is this that lies behind their complaints against the Government, which they are constantly pressing to devalue the green pound so as to reflect reality. Agricultural experts believe that current returns to farmers are probably little different from what they would have been if Britain had not joined the Community. Certainly the move to the "common" price levels has not led to any marked changes in the pattern of British agricultural production.

How far the consumer has been hit by the move remains a matter of controversy. Commission officials maintain that if Britain had stayed outside the Community and continued to shop on the world market world prices would have risen higher than they have during the past five years, bringing them much closer to current EEC levels. Not everyone is convinced. The general assessment is that food would be cheaper if Britain had stayed out, although by exactly how much nobody will probably ever know. Certainly world prices of cereals, sugar, butter, skimmed milk powder and beef are currently well below Community levels.

Nevertheless, the "green pound" and the monetary compensation amounts (MCAs) that go with it have helped considerably to shield the British consumer from the worst consequences of the move to common prices. The 30 per cent. gap between British prices and those in the rest of the Community has been covered by massive EEC subsidies that are still running at over £1m. a day. They are a windfall benefit from the CAP that nobody expected when Britain joined, and which the Government will be most reluctant to lose through a green pound devaluation. The Commission has proposed that the MCAs be phased out over the coming seven years, but the U.K. is unlikely to accept the proposal as it now stands.

Another area in which Britain has fared better than expected has been the EEC budget, originally regarded as a major potential drain on the economy. As the table shows, Britain's gross budgetary contribution during the transition period came to just over £2bn. But almost as much has come back from Brussels in the form of loans and grants. The loans, of course, have to be repaid over a period of years, but the interest rates are favourable. The money has gone towards modernising the coal and steel industries, sewage and water developments and North Sea oil. The grants according to the Commission, have helped to retrain more than 20,000 British workers and are increasingly being used to help the handicapped, provide jobs and training for young people and stimulate projects to combat poverty.

The present limited size of the budget reduces its importance as an indicator of how far the country is benefiting from EEC membership. Anti-marketeers have tended to latch rather onto the trade deficit with the rest of the EEC, which mounted spectacularly in the years immediately following entry, reaching £2.4bn. in 1975. Thereafter, as the graph shows, the tide appears to have turned and the deficit in the first half of 1977 was down to £876m. But this, too, is an unreliable indicator, given that Britain's overall trade deficit began to increase before Community membership, and was as much the result of domestic factors as anything else.

The last industrial tariff barriers have already been down for six months, reflecting the Heath Government's effort in the entry negotiations to move faster on industry than agriculture. On July 1, the U.K. also aligned fully with the Common External Tariff, averaging 6 per cent., and became fully integrated in the Customs Union. The same date saw the abolition of tariffs between the Nine and the seven EFTA countries, creating a gigantic free trade area from Sicily to the North Cape. A great deal of work remains to be done, however, on dismantling technical and non-tariff barriers to trade inside the Community.

The greatest unresolved issue, never satisfactorily settled in either the entry negotiations or the "re-negotiations," remains the emotive question of fishing limits. The original Six pulled a fast one on the three new members by rushing through a fisheries regulation that took no account of their interests just before they joined. The damage has never really been undone, and the whole problem has now been transformed by the move to 200-mile limits. British fishermen are fighting hard for an exclusive 50-mile limit round the coast of the U.K., a demand that is almost certainly a lost cause. But the Government is making a hard stand, not least because it feels it has once again been short-changed—this time by Commission proposals which take little account of the vast sea areas that the U.K. will be contributing to the Community "pond."

Whatever the outcome, it is unlikely to prove popular either with the fishing industry or with the general public as a whole—as the Government is fully aware. Fishing is certainly an issue on which the U.K. has a good case for some sympathy from its partners. Britain's record over the first five years of membership has not, however, been such as to imbue the other members with a great sense of charity towards the U.K. All too often Britain has appeared to be demanding special treatment without being prepared to offer the slightest concession in return. If the Community has changed profoundly since 1963, it has done so largely under the influence of recession and economic crisis. But the U.K. has also played its part by behaving more or less exactly as General de Gaulle always predicted.

BRITAIN'S BALANCE SHEET WITH THE EEC

Loans to U.K. (January 1973 to November 1977) (£m.)

European Investment Bank	768.0
European Coal and Steel Community	746.0
	1,514.0

Grants to U.K. (January 1973 to November 1977) (£m.)

Social Fund	172.4
Regional Fund	132.2
Farming capital grants	46.0
E.C.S.C.	35.8
Hill farming grants	20.0
Hydrocarbon grants	6.5
Miscellaneous	1.4
	414.3
Total loans and grants	1,928.3

Source: EEC Commission

British Gross Contributions to EEC Budget (£m.)

1973	167.0
1974	237.4
1975	341.0
1976	556.9
1977	736.8
	2,039.1

Source: EEC Commission

Letters to the Editor

The non-nuclear option

From Mr. S. Taylor.

Sir,—I find it surprising that you fail to include among the *choices of nuclear reactor system (December 22)*—none—as advocated by Friends of the Earth and reported in the same issue. In fact, a businesslike assessment of even the publicly available data points strongly towards this option.

Nuclear power stations have been shown by Amory Lovins to be about the worst possible buy among many energy conservation and supply options. This realisation must eventually dawn here in the U.K. as it surely has overseas.

Even supposing that there remained any market for nuclear power stations outside those nations able to build them for themselves, the chances of the U.K. being able to win and carry out orders at a profit must be zero. The advanced gas-cooled reactor is still far up the learning curve and its costs are far greater than those used to justify the orders due to long delays in commissioning (up to eight years), large cost over-runs (leading to bankruptcies), down-rating and low availability. Your claims that the completed stations are "working satisfactorily" and are "producing power economically" therefore require much more *justification.*

Even assuming that the capital cost penalty of an AGR versus a pressurised water reactor could be overcome (by subsidy), the network of patents and agreements with the U.S. would almost certainly be used to block any sale by the U.K. This last factor must be utterly dominant in the case of the PWR. I cannot foresee any circumstances when the U.S. would allow the U.K. to use licensed know-how to win a PWR order save possibly for construction in the U.K. Even then, any such involvement would only be on terms which ensured that the U.S. suppliers made a profit from their share while the U.K. made up the inevitable losses.

Conversely, the U.K. is in a very strong competitive position in fossil fuel technology—most notably in respect of the fluidised bed combustion of coal. This is acknowledged even by the U.S., which is funding substantial further research and development (and acquiring the results of earlier work) here in the U.K. Most importantly for energy conservation, this technology can be applied at any scale from power stations to domestic central heating with less pollution than (direct flame) oil or gas. This minimises losses in conversion and distribution and thus avoids the shortage of coal forecast by the Department of Energy (reported elsewhere in the same issue).

S. R. G. Taylor.
19, The Vale,
Stock Ingatestone,
Essex.

What is wealth?

From Mr. D. Roper.

Sir,—Mr. R. Knight in his pertinent letter on the proposed wealth tax (December 29) asks what will be the capital value of a pension of £5,000 per annum. In discussion of this tax some years ago a multiplier of 16 was mentioned thus giving the pension a capital value of £80,000. Added to other "wealth" such as an owner occupied house and contents, the proposed basic figure of £100,000 for the tax will easily be exceeded. It follows therefore that if such pensions are included in the tax many retired persons, including civil servants and members of the very wealthy pension funds such as the miners and railwaymen, will be required to pay.

Regardless of pensions, however, a widow with an annuity of £5,000 per annum or a man retired on his life's savings invested to yield £5,000 per annum with the added value of other forms of "wealth" will be caught by the tax.

All these points, and others as well as those made by Mr. Knight need comment in order that ordinary people may have some idea of their future under the proposed tax on wealth. Unfortunately many persons are under the impression that the tax will apply only to the very wealthy, but as I have tried to demonstrate in this letter £100,000 will easily be reached if all forms of wealth are included.

D. H. Roper,
Heath End,
The Common,
Chipperfield, Herts.

Any advance on £100,000?

From the Assistant General Manager, Standard Life Assurance Co.

Sir,—In his letter (December 29) "What is Wealth," Mr. Knight asks what might be considered to be the capital value of an index linked pension of, say, £5,000 p.a.

No problem—if you know or think you know, at least, sex, race, age and thus rates of mortality plus rate(s) of interest, rate(s) of indexation, pension age (if greater than age) and expenses of administration. To open the bidding how about a range of £0-£100,000.

Drew Lyburn,
P.O. Box No. 62,
3, George Street,
Edinburgh.

Surprise in the market

From Mr. B. Marber.

Sir,—I write concerning Mr. P. C. Baker's letter (December 29) on the subject of the efficiency of the market. Mr. Baker wrote: ". . . the views of the proponents of the efficient market are difficult to refute when applied to the leading market capitalisation stocks."

If Mr. Baker is correct how does he explain the total surprise with which the market received the most recent quarterly results of ICI and the final results of Bass Charrington? These two companies are certainly in the top 100 and are probably as fully researched as any other company and yet no analyst got within £5m. in his guestimate of those figures. If the market were efficient the profits as announced would have been fully discounted by the market which would not have moved on the respective announcements.

Brian Marber.
Firemarch, Randolph Close,
Kingston Hill, Surrey.

Sprinklered premium

From Mr. R. Masters

Sir,—The article by your insurance correspondent headed "Be selective on sprinklers" was quite informative but he does miss the main point of installing such equipment. The saving in premium is quite dramatic, in many cases the premium for sprinklered risks can be as little as 10 per cent. of that for a non-sprinklered risk, everything else being equal.

A further point, in my view even more important, is that the premium is stabilised. Generally speaking, insurers do not increase their rates for sprinklered risks whereas non-sprinklered risks receive their close attention, there being annual adjustments in many classes.

R. C. Masters.
Price and Pierce (Insurance Broking),
51, Aldwych, W.C.2.

Tariffs on apples

From Mr. A. Hilton.

Sir,—As a fruitgrower may I comment on the letter from Mr. D. P. Mead of the Federation of Fruit and Potato Trades (December 28).

The song and dance created over tariffs on apples by the importers in the U.K. this year not only resulted in bringing in more apples than the market warranted but, by its very publicity, gave yet one more twist to the screw of consumer resistance. A resistance daily being encouraged by all sorts of people with no thoughts as to the damage caused to producers and, ultimately, to the very people they seek to protect.

As to apples. The one variety that has been really short this year has been Cox's Orange Pippin, the main dessert variety and the market leader. The importation of apples from at least 18 different countries had little effect on the prices of Cox's, but oversupplied the market with other varieties. This caused considerable damage to growers with a crop of these varieties but did little to help the consumer.

The plea to extend the abolition of this tariff to July 31, 1978, is sheer lunacy. If granted this will likely result in an oversupplied market in August 1978. This will not only cause great loss to the wholesaler and retailer but, more importantly, it will severely damage the start of the 1978 English season. Growers with heavy losses from lack of Cox's this year will be looking to 1978 to provide the wherewithal to keep themselves and their workforce in being.

Mr. Mead gives the impression that his organisation is entirely composed of knights in shining armour fighting on behalf of the consumers. He has no sole right here. All of us are dependent on the consumer. If growers however were to be run into the ground by stupid tariff policies promoted with the full glare of publicity for selfish ends it would benefit no one, least of all the consumer.

A. D. M. Hilton.
Perry Leigh,
Selling, Faversham, Kent.

Scrap exchange controls

From the Chairman, The Chelsea Group of Young Conservatives.

Sir,—Further to your leader of December 29 there seems to be one main point which is of vital importance when discussing the effects of North Sea oil and our debts. A free and floating exchange rate is possible.

If the Government scrapped all exchange controls and allowed a completely free float of sterling, after an initial period of sharp fluctuations, there would be no "reserves" or "deficits" but merely a true market price of sterling.

No doubt the interventionists will throw up their hands in horror at this suggestion, crying "capital will flow out across the exchanges," "there will be no investment in the domestic market," "the exchange rate will fall," "we will lose control of our own economy," etc., etc.

Allow me just to point out that the complete dismantling of the exchange control apparatus in fact would hand back part control of the economy and the exchange rate to the people, to all the people, not just the interventionists.

Charles Smedley,
25b, Bolton Gardens, S.W.5.

Fairly quick thinking

From the Director, National Institute of Economic and Social Research

Sir,—Joe Rogaly commends the Government Statistical Service for its new measures of poverty: these take into account family size as well as income and show that "there is less inequality than the raw figures suggest." ("The New Social Trends this Christmas," December 20). When, however, he goes on to credit the new *approach to some Indian and* American authors, I wonder whether he is not doing an injustice to the authors nearer home who developed these measures. May I remind Mr. Rogaly what he himself wrote only nine months ago (March 15): "Inequality may be less marked than many suppose. Some new work by G. C. Fiegehen and P. S. Lansley of the National Institute of Economic and Social Research, published to-day, indicates that the poor look comparatively less badly off if you count the size of families as well as their income."

Nevertheless, it is gratifying to see that our research results have so quickly passed into official thinking.

G. D. N. Worswick.
2, Dean Trench Street,
Smith Square, S.W.1.

'Less than fair' to Post Office

From the Director, Public Relations, The Post Office

Sir,—Mr. F. Thomson (December 21) accuses the Post Office of being undemocratic on the siting of a sorting office in Watford, but your readers should know he is being less than fair—especially when he departs from the facts.

Although in the early 1960s we intended to build a new sorting office in central Watford this proposal was abandoned when it became clear that the site was inadequate for a mechanised sorting office. However, we never at any time "promised" to build a sorting office on a site close to Watford Junction station.

The "ideal" site Mr. Thomson refers to in his letter does not belong to the postal business, it belongs to the telecommunications business who have plans for its redevelopment.

Your readers may also care to know that we do plan to form a combined letters and parcels office in Ascot Road, Watford. As with most businesses, choice of sites for new premises is generally limited and ultimate selection has to be based on commercial judgment and operational requirements.

This move will not affect public counter services, where customers' needs would weigh heavily in the choice of sites. Mr. Thomson is, therefore, unkind to suggest that a sorting and administrative head office commands the same siting priority.

Peter H. Young.
Post Office Central Headquarters,
23, Howland Street, W.1.

Effect of a wealth tax

From Mr. D. Robb.

Sir,—The proposed wealth tax is a splendid example of cutting off one's nose to spite one's face.

The only thing that will avert massive long-term unemployment is the creation of new enterprises requiring labour. The best way to ensure that such enterprises are not started or enlarged is to impose a wealth tax.

D. B. Robb.
The Old Vicarage, Burbage,
Marlborough, Wilts.

The best burners

From Mr. R. Nott.

Sir,—As an experienced bonfire operator may I say that Mr. Richard Gordon (December 29) is wrong. The best paper for fire-lighting is old telephone directories. They have inevitably been in use for months, if not years, and are well-matured.

Old copies of the Financial Times (and other newspapers) should be given to the Boy Scouts or other good causes. They will usually collect them, and they will use them profitably.

Robert Nott,
Englefield Cottage,
Hurtmore,
Godalming, Surrey.

Shining light

From Mr. E. Lambert.

Sir,—You write (December 24) that the Financial Times is the least suitable of all English newspapers for lighting fires. I agree. But—it is the most suitable of all newspapers, English and others I have tried, for cleaning the windscreen and windows of my motor car.

Eric T. D. Lambert.
Drumkeen,
Carrickmines,
Co. Dublin.

As wet as all that?

From Mr. R. Roe

Sir,—Mr. Shane Guebenlian (December 30) and other readers may be interested in a more long term use for the Financial Times after its editorial has been consumed.

Unlike my neighbours, who use the other nationals, I have been using the FT to line my runner bean trenches in the early spring. Needless to say whereas my neighbours beans withered away miserably during the 1976 drought my own stood up successfully throughout that summer. In 1977 more of my colleagues changed over and we anticipate even more for '78.

All I ask is that you don't give up pink newsprint!

R. W. Roe.
4, Madeira Walk,
Reigate, Surrey.

To-day's Events

GENERAL

Prime Minister leaves for visit to Pakistan, India and Bangladesh.

Mr. Merlyn Rees, Home Secretary, meets representatives of both Fire Brigades' Union and local authority employers.

Kent and South Wales miners reconsider their attitudes to productivity schemes.

Union officials and Swan Hunter shop stewards expected to discuss increasing working flexibility of company's outfitting tradesmen, in effort to settle their overtime ban.

One-day trial trading on new Hong Kong silver commodity market prior to its official opening on February 1.

Oxford Farming Conference begins, Oxford Town Hall (until January 5).

OPERA

English National Opera production of The Magic Flute, Coliseum Theatre, W.C.2, 2.30 p.m. and 7.30 p.m.

BALLET

Royal Ballet dance Swan Lake, Covent Garden, W.C.2, 7.30 p.m.

London Festival Ballet perform The Nutcracker, Royal Festival Hall, S.E.1, 3 p.m. and 7.30 p.m.

LUNCHTIME MUSIC

Mary Mee (soprano) and John Mee (organ), St. Michael, Cornhill, E.C.3, 1 p.m.

EXHIBITIONS

Michael Rowe sculptures in silver, Crafts Advisory Committee Gallery, 12, Waterloo Place, S.W.1 (until January 21).

Exhibition of Pacific Island stamps, Gibbons Gallery, 399, Strand, W.C.2 (until January 31).

Laser Exhibition, Science Museum, South Kensington, S.W.7 (until January 31).

SPORT

Tennis: British junior covered courts championship, Queen's Club (9.30 a.m.).

COMPANY NEWS

Pru's new life business tops £8½bn.

THE NEW business results for the Prudential Assurance Company, the largest life company in the U.K., for 1977 were a mixed bag. New sums assured on worldwide life business were a record £8.6bn. against £7.9bn. in 1976, but new annual premiums in the year fell to £116m. from £122m. This is the first time for some years that new annual premiums of the group have declined on the previous year.

Annual premiums on the Pru's main U.K. life business improved by 14 per cent. to £27.4m., a rise more or less in line with inflation. But annual premium business transacted by its unit-linked subsidiary Vanbrugh Life dropped to £1m. from £5.4m. in 1976. This fall arose from special circumstances in the first quarter of last year when annual premiums sales were especially high ahead of life assurance tax changes.

In contrast single premiums and annuity considerations world-wide rose by 40 per cent. to £93.9m. Single premium bond business transacted by Vanbrugh was particularly buoyant jumping by one-third over the year to £47m. Annuity business in the main company declined by over £2m., but single premium business transacted by the reinsurance subsidiary company, Mercantile and General, rose to £12.6m. from £0.8m. in 1976. The single premium growth of Vanbrugh reflects the recovery in bond sales in the unit-linked sector.

Individual business from overseas territories was disappointing. Annual premiums declined to £13.7m. from £14.4m., while single premium business was only marginally ahead at £3.1m.

Group pension business in the U.K. showed a dramatic decline with annual premiums on the main pension fund dropping by more than one half to £16.7m. and single premiums declining slightly to £9m. The Stage 2 pay restrictions held back growth on new and existing schemes, but all indications are t hat this year (1978) will see pension business surge ahead as the new pension arrangements come into operation.

The pensions subsidiary, Prudential Pensions Limited, which offers investment management services through exempt unitised managed funds in contrast had a very successful year. Annual premium business almost trebled to £81m. from £2.8m. and single premium business showed similar growth to £7.5m. from £2.7m. These results confirm the subsidiary as the largest exempt funds company next to Legal and General.

The group also reports a buoyant market in the self-employed pensions field, with annual premiums rising to £6m. in 1977 from £4.7m. in the previous year.

In the industrial branch, where premiums are collected at frequent intervals by agents calling at the homes of policyholders, annual premiums rose by nearly 53m. to £32.8m., but sums assured showed a larger growth to £691m. from £505m.

Details are as follows: new life assurances and annuities effected for new annual premiums of £116.2m. (£122.4m.) and single premiums and annuity considerations £93.9m. (£67.3m.). Ordinary individual contracts, annual premiums £49.8m. (£52.1m.). single premiums and annuity considerations £72.1m. (£50.8m.). Sums assured £6.48bn. (£5.63bn.). annuities per annum £20.7m. (£16.5m.). Pension schemes annual premium; £32.8m. (£40.3m.) single premiums £21.8m. (£16.5m.) for sums assured £1.43bn. (£1.81bn.) and annuities per annum £113.6m. (£147m.). Industrial business annual premiums £32.8m. (£30m.), sums assured £691m. (£505m.).

Mercantile & General

Net new sums assured by the Mercantile and General Reinsurance Company amounted to £1.9bn. in 1977 compared with £2.23bn.

Net new annual premiums were £10.3m. (£12.3m.), while net single premiums totalled £12.5m. (£0.83m.) including £11.4m. in respect of single premium endowment bonds.

New annual premiums under permanent sickness and waiver of premium reassurances were £2.01m. (£2.48m.).

Natl. Mutual

New business figures for 1977 of National Mutual Life Assurance show that annual premiums for assurances increased by 21 per cent. to £2.18m. from £1.80m., while annual premiums for annuities rose only marginally to £0.7m. from £0.66m. The company had a successful year in marketing self-employed pension contracts and on mortgage-related endowment assurance business, its main area of operation. Business picked up in the second half of the year.

However, single premium business in 1977 nearly doubled to £3.47m. from £1.87m. in 1976 the growth coming partly from an upsurge in group pension business and partly from the success of the company's income and growth bonds. The sums assured secured by these premiums—annual and single—jumped to £79.3m. from £76.4m., and annuities per annum rose by more than 50 per cent. to £3.84m. from £2.33m. in 1976.

Extra bonus by Norwich Union

Mutual life office, Norwich Union, has announced an increase in annual bonus, plus a special bonus on with-profit policies taken out seven or more years ago.

For the third time in 14 years, a special bonus it being added to policyholders' existing bonuses. This bonus is on a scale depending on how long the policy has been in force and ranges from £10 to £500 per £1,000 of sum insured, that is 50 per cent. of the sum insured at the top end of the scale.

For policies maturing from January 1, 1978, the additional bonus system, started in 1968, continues with a slightly lower scale, which, for example, provides £520 per £1,000 of sum insured for a 25-year policy (£580 in latter 1977) and ranges up to £920 for the longest terms (£1,000 in latter 1977). However, the new additional bonus scale and the special bonus together are some 40 per cent. higher than the old additional bonus.

The annual bonus on U.K. life policies is raised to a record £4.10 per cent. compound (£4.00 per cent.). For those policies with simple bonus issued before 1965 the annual bonus has been lifted to £5.50 per cent. (£5.30) for endowments, and £6.00 per cent. (£5.80) for whole life.

Pension policies also have their bonus improvements. Self-employed and directors' pensions will get a special bonus similar to other U.K. life policies. Bonus earning group pension policies will get a special bonus of 10 per cent. of premiums paid.

In addition to these bonus developments for conventional with-profit policies Norwich Union has produced good results with both its managed bonds and unit trust. Its managed fund has the top performance of funds of its kind over the last two years.

Scot. Provident income up

Strong growth was again maintained in new Ordinary annual premiums at the Scottish Provident—up 19 per cent. on the 1976 figures.

Mr. Joe Macharg, general manager, said that a big increase in individual pension arrangements has sustained the figures for scheme business which has had to contend with all the uncertainties and restrictions recently affecting pensions schemes.

New net premium income was: Annual—ordinary business £4.4m. (£3.7m.); scheme business £4.7m. (£5.0m.); and Single £5.0m. (£1.9m.). Net new sums assured totalled £378m. (£268m.). Net new annuities were £21.5m. (£22.9m.).

GRE bonus increased

Guardian Royal Exchange announces increased rates of reversionary and terminal bonus for most U.K. participating life policies. The reversionary bonus for 1977 on individual whole life contracts is lifted to £5.50 per cent. of the sum assured from £5.25 per cent. and on endowment contracts to £5.25 per cent. from £5 per cent. in 1976. On the closed compound series, the rate is increased to £4.10 per cent. of sum assured and attaching bonuses from £3.90 per cent. Old series policy rates are unchanged at £4.35 for whole life and £4.10 for endowments.

The terminal bonus rate as from January 1, 1978, is 25 per cent. of attaching bonuses for the simple bonus series and 20 per cent. for the compound series with an additional terminal bonus of 10 per cent. of attaching bonuses declared before December 31, 1977. Previously the rates were 30 per cent. and 25 per cent. respectively with no additional bonus.

The interim bonus rate for 1978 is the same as the declared reversionary bonus rates.

Equity & Law rates higher

Equity and Law Life Assurance is increasing its reversionary bonus-rate for 1977 on individual life and endowment contracts to £4 per cent. of the sum assured and attaching bonuses from £3.75 per cent. in 1976. The rate for individual pension contracts is lifted to £3.65 per cent. of the basic pension and attaching pension bonuses from £8.50 per cent. previously. However, the terminal bonus rate, payable on death and maturity claims is kept at 15 per cent. of attaching bonuses. The company last increased this rate on July 1, 1977. However, the rate of vesting bonus on with-profit personal pension contracts is increased from 10 per cent. to 15 per cent. of the pension.

On group pension contracts, the cash bonus on profit sharing business is fixed at 3 per cent. of pensions purchased and for equity contracts it is 5¼ per cent. on the effective premiums.

Sun Life bonus unchanged

Sun Life, in contrast to others, is keeping its reversionary bonus rate on ordinary life business unchanged for the two years ending December 31, 1977 at £4.30 per cent. per annum compound. The rate for the company's flexible contracts is to be declared to-day. The rates of bonus on the simple bonus series, now closed to new entrants, are also unchanged at £4.75 per cent. of the sum assured for whole life and £4.25 per cent. for endowment assurances.

The company has however introduced a terminal bonus for its compound series of 5 per cent. of attaching bonuses. Since this series has only been in force a few years, this bonus will only be paid as yet on death claims. The terminal bonus for the simple series is lifted to 25 per cent. of attaching bonuses from 20 per cent.

In future, the company intends to declare bonuses on an annual basis instead of every two years. This will lead to a faster accrual rate for the same bonus level.

Scottish Mutual

Scottish Mutual Assurance Society announces that in 1977 new annual premium income written was up 23 per cent. on the previous year to £5m. (£4.1m.) and single premiums and annuity considerations were £1.8m. (£3.5m.).

Corresponding net new life sums assured was £195.3m. (£184.7m.), the gross new life sums exceeding £200m. for the first time in the society's history.

New pensions and annuities were £13.8m. (£7.9m.).

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Redbridge (01-478 3020)	10	½-year	200	4-7
Thurrock (0375 5122)	9¾	½-year	300	4
Thurrock (0375 5122)	10	½-year	300	5-7

BIDS AND DEALS

Aurora selling Coltness brick interests

In pursuance of its policy to dispose of the brick interests of the Coltness Group, which it acquired last August, Aurora Holdings has sold two subsidiaries and this will reduce borrowings by some £600,000.

A new company has acquired Caledonian Brick in exchange for 300,000 "A" Ordinary shares and Scottish Brick for 600,000 "A" and 600,000 "B" Ordinary shares. Through Coltness, Aurora owns 20 per cent. of the new company's capital.

The new company now owns 16 brickworks, engaged in the production of common bricks, of which four are presently operated by Caledonian and 12 by Scottish. In addition, it will own the Centurion Brickworks of Scottish which produces facing bricks. The acquisition by the new company of Caledonian and Scottish is part of the plans to rationalise part of the Scottish brick industry.

Audited accounts of Caledonian for the nine months ended September 30, 1977, show a profit before tax of £53,757 and net tangible assets at September 30, of £354,382 after providing £366,500 in respect of deferred taxation. The investment in Caledonian which is held by Calcedon Investments (a subsidiary of Coltness) at end 1976 amounted to £494,892 which will be the value attributed to the share holding in the new company before taking account of the trading results of Caledonian for 1977.

The merger will enable resources to be more efficiently utilised—both in terms of service and technical expertise available—to a degree not possible when both were operating independently.

MACFARLANE PURCHASE

For £350,000 Macfarlane Group (Clansman) has acquired the capital of Factory Maintenance Services (Glasgow). The consideration comprises £175,000 cash and 282,258 Ordinary shares.

Net assets at October 31, 1976, were £69,000 and pre-tax profits for 1975-76 were £69,000 prior to charging directors' emoluments of £66,000.

It is expected that pre-tax profits for the year to December 31, 1978, will be in the region of £150,000 after directors' remuneration.

PHILIPS LETS OFFER LAPSE

The offer by Philips Electronic and Associated Industries for Electronic Rental Group has lapsed.

Acceptances have been received in respect of 82,580 shares (0.11 per cent.). Philips did not acquire any shares during the period, prior to the offer it held 30.08 per cent. of the capital.

REED & SMITH

The offer by St. Regis International for the Ordinary and Preference shares of Reed and Smith Holdings has been declared unconditional. On December 30 valid accepetances had been received for 5,703,303 Ordinary (70.9 per cent.) and 176,987 Preference (84.4 per cent.). The offer remains open.

Following the announcement of the offers, St. Regis purchased 1.55m. Ordinary of Reed and Smith at 63p per share net, and therefore now owns 7,253,203 Ordinary (90.1 per cent. of the total).

COHEN BROS.

The BICC offer for Cohen Bros. (Electrical) has been accepted by over 93 per cent. It has become unconditional and remains open.

LEP GROUP

With effect from January 1, Lep Group has merged its two U.K. insurance broking subsidiaries—Lep Insurance Brokers and S. H. Cannon and Company—into a single operating company known as Lep-Cannon.

BRYANT £825,000 ACQUISITION

Bryant Holdings has bought from Greyhound Computer Overseas Corporation, the entire capital of its subsidiaries, Greyhound Computer Services, which formerly carried on the trade of providing data processing services.

Net assets acquired amount to £640,000 including £482,000 cash, and the consideration of £825,006 has been paid from the company's own resources.

This will benefit the group's corporate financial arrangements, but no significant contribution to group profits is expected.

DUTTON-FORSHAW COMPLETES

Dutton-Forshaw Group has completed the acquisition of the Byers Dunn Turvey Group of Sunderland for £785,380, satisfied by the issue of 1,536,613 Ordinary shares and £78,538 cash.

BDT's pre-tax profit for the year to September 30, 1977, was £85,426 and net tangible assets at that date £765,782.

Dutton-Forshaw estimates that properties worth £500,000 will be surplus to operating requirements and will be sold, thereby reducing the net cost of the acquisition to around £285,000. Rationalisation elsewhere in the group has recently enabled Dutton-Forshaw to dispose of surplus assets at book value for a total of £1m.

The policy underlying these transactions is to consolidate the position by strengthening franchises in the more profitable highly populated areas. It is estimated that the net effect should be a more efficient market position leading to a higher return on the capital employed return on the capital employed by the group in vehicle distribution.

APG ACCEPTANCES

The offer by BTR to acquire the capital of Allied Polymer Group, *not already owned*, has been accepted by holders of 15,345,380 APG Ordinary shares. BTR now owns or has acceptances for a total of 15,455,380 Ordinary shares (81.7 per cent. of the capital). The offer has been extended to January 13.

ASSOCIATES DEALS

On December 28, Cazenove purchased for the account of Gibbs Nathanial, 15,000 A. J. Mills (Holdings) Ordinary at 97p.

Walker Cripps Weddle Beck purchased 150,000 Ordinary shares in George Dew at 166p for Adriaan Volker Group (U.K.) and its associates.

DEUNDI ACCEPTS

The revised offer by Rightwise for Deundi Holdings has been accepted in respect of 142,452 shares (27.4 per cent.).

Rightwise and its concertees are now interested in 390,952 shares (75.2 per cent.). The offer is now closed.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—St. George's Laundry (Worcester).

Finals—Winterbottom Trust.

FUTURE DATES

Interims:—

Halma .... Jan. 12
Knott Mill .... Jan. 6
Ratners (Jewellers) .... Jan. 5
SEET .... [illegible]

Finals:—

Lincroft Kilgour .... Jan. 1[illegible]
Ward (T. W.) .... Jan. 4

IRELAND ALLOYS EXPANSION

Ireland Alloys (Holdings), one of the largest U.K. processors of complex alloy scrap, has agreed to acquire a 50 per cent. interest (together with an option to acquire a further 40 per cent.) in Ireland and Fermac, one of the leading Scottish ferrous scrap processors, together with Fermac Metals, a steel stockholder and transport contractor.

Ireland and Fermac currently has three works locations in Central Lanarkshire of which it will continue to operate two.

Mr. Austin Merrills, chairman of Ireland Alloys, comments that the past year has been unprecedentedly difficult for ferrous scrap processors as a result of the worldwide reduction in steel production. This has led not only to a drastic reduction in the price of ferrous scrap but to an equally drastic reduction in the requirement of steel-makers for scrap. No short term improvement can be seen in the situation.

However, the long term future of ferrous scrap as a key element in steel production is not in doubt and the Ireland Alloys group has judged it to be right to take this opportunity to move into this related sector.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between St. Regis International and Reed and Smith Holdings to the Monopolies and Mergers Commission.

SHARE STAKES

Inveresk Group: London and Manchester Assurance now holds 202,000 6 per cent. Preference shares.

Crouch Group: Scottish Northern Investment Trust has acquired 900,000 Ordinary shares (23.5 per cent.). These shares will be held by the wholly owned subsidiary, Raeden Investment.

British Enkalon: The 27,426,953 Ordinary shares held by Akzo NV have now been transferred to a wholly owned subsidiary of that company, Enka International Holdings.

Berry Trust: United Kingdom Temperance and General Provident Institution now hold 1,265,000 Ordinary shares (8.3 per cent.).

Charles Hill of Bristol: Ennia Insurance (U.K.) now holds less than 5 per cent. of the Ordinary.

Wilson Walton Eng.: Wilson Walton International (Holdings) sold 25,000 Ordinary shares at 69p on December 29, reducing holding to 1,402,500 shares (29.63 per cent.).

Tesco Stores (Holdings): The sale of a further 300,000 shares announced on December 2 was of non-beneficial shares from a charitable trust of which Mr. L. Porter and Mr. H. Kreitman are the trustees. The price was 44p per share.

ISSUE NEWS

Over £1.5bn. new money in 1977

Statistics compiled by the Midland Bank show that the amount of "new money" raised in the U.K. in 1977 by the issue of marketable securities (excluding borrowing by the British Government) was £1,500.8m., exceeding the 1976 figure by £72.9m. to become the second highest total.

The amount raised by companies declined for the second successive year, by £213.6m. to £947.3m. Rights issues continued to be the most popular method of raising finance, being responsible for £797.9m. or 84 per cent. of company issues. The largest single rights issue in 1977 came from Commercial Union which raised £76m. Other large rights issues were made by Guest Keen and Nettlefolds (£57m.). Tube Investments (£41m.), BOC International (£41m.) and Consolidated Gold Fields (£41m.).

Five per cent. of total company issues was specifically designated for overseas use. This included £17m. by Allied Irish Banks—the largest ever by an Irish public company—£15m. by United Biscuits and £11m. by Tube Investments.

New money raised through the issue of Preference capital fell by nearly a quarter to £34m.

Issues by public bodies advanced from £303m. to £544m., a new record, which was one quarter more than the previous highest of £422m. in 1974. Local authorities were responsible for most of the rise, taking their total up from £286m. in 1976 to £512m.

W. L. PAWSON

Acceptances received in respect of the recent rights issue by W. L. Pawson and Son amounted to 1,664,173 shares (95.09 per cent.). The balance has been sold and proceeds distributed to entitled shareholders.

FT share service

The following securities have been added to the Share Information Service appearing in the Financial Times:—

E. F. Hutton and Co. Inc. (section: Americans and Overseas—New York).

Sandhurst Marketing (section Industrials Miscel.).

EUROBONDS IN 1977

BY MARY CAMPBELL

A notable year

ALREADY by last autumn it had become plain that 1977 would be a record year for Eurobond issues, if not for the international bond market as a whole. At over $14bn., the value of Eurobond issues in the first three-quarters of the year had already outstripped new issue volume in the whole of 1976.

Foreign bond issues (that is issues by foreign borrowers on domestic capital markets, as distinct from issues made internationally) were rather less than in 1976, but this was largely due to the lower level of Canadian borrowing on the New York market.

The high new issue volume was a considerable achievement in a year when short-term dollar interest rates were almost continually rising, a year, moreover, characterised by currency turmoil to a degree not seen since 1973. Indeed, the bald figures for new issues give a false impression of the receptivity of the market.

In almost every currency sector, unpredictability was a major feature—issue managers could not be sure from one month to the next whether demand for bonds would dry up, or whether a new twist in the interest rate or currency situation would suddenly provoke a surge into one particular type of bond.

In the secondary market, equally, while on occasions it became obvious that every issue made in any single sector was going to move to a discount immediately after being launched, 1977 was a year when forecasts were constantly being disproved.

The charts below illustrate, for 1977, the two factors which most affect the international bond business—dollar interest rates (and the gap between short- and long-term dollar rates) and the exchange rate for the dollar against the D-mark and the Swiss franc. The trends shown up in the charts go far to explain the problems which bond market operators had to face last year.

Short-term U.S. dollar interest rates rose a lot during 1977, and not only at the end of the year. Although the initial effect of such a rise might have been expected to be a ballooning of new issues as borrowers rushed to raise funds while the going was still good, such a rise might well have been sufficient within a short period to cause investors to switch their funds temporarily into short-term deposits in the hope of getting better long-term rates later.

That this did not happen until the autumn, and then only with considerable help from currency factors, was due partly to the large gap between short- and long-term rates early in the year and partly to the fact that it is clear only with hindsight that rates were rising inexorably.

The narrowing of the dollar yield gap and the sharp rise in short term rates was already, by September, eating into the market's appetite for dollar bonds. However, the main influence during the fourth quarter was the weakness of the dollar against other currencies. This cut back its share of new issues to under 40 per cent. of the total; between January and September it had accounted for 65-70 per cent.

At the same time D-mark denominated issues surged ahead on currency considerations alone particularly after the Bundesbank in mid-December blocked other avenues by which foreign money could flow into the D-mark.

As 1978 opens, the main factor in the market continues to be uncertainty on the future of the dollar. Major Eurobond houses say that if and when it is thought that the dollar has bottomed out there will be a surge in new issue volume in that currency. There seems to be no shortage of borrowers and it is generally accepted that the vast bulk of international funds is fundamentally dollar denominated funds.

If the dollar were to stabilise, the main concern of investors would revert to the interest rate front. When the dollar stabilised in 1973 the market was depressed by rising U.S. dollar rates; now, while U.S. economic activity is by no means stagnant, U.S. money supply has been reasonably stable since the late autumn and short term rates are in general not expected to rise again substantially for some months and the dollar yield gap is still favourable.

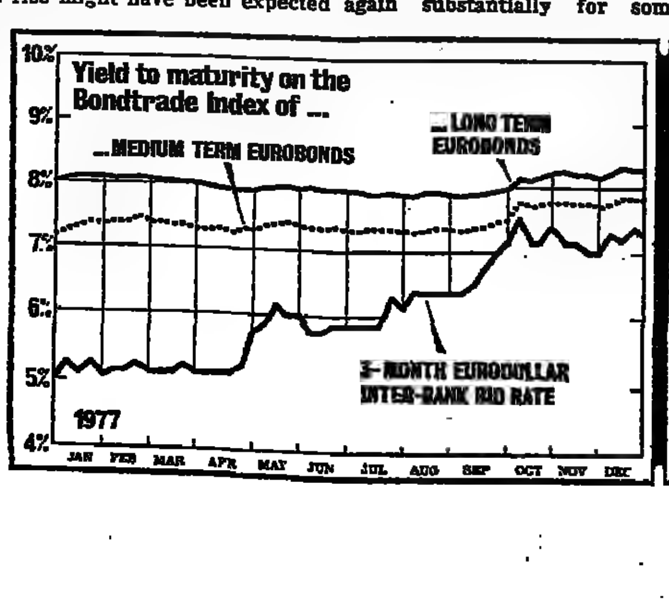
On the other hand this is not expected to cut back the level of activity, much of it experimental, in other currency sectors, which has been a major feature of 1977. An excess of initial enthusiasm by issue managers has for the time being swamped the sterling market which opened up in the autumn on the back of international demand for gilts; the potential for a Euroyen market is currently stifled by the Japanese authorities' requirement that only international financial institutions may make Euroyen issues. The Canadian dollar is, at least temporarily, not a runner.

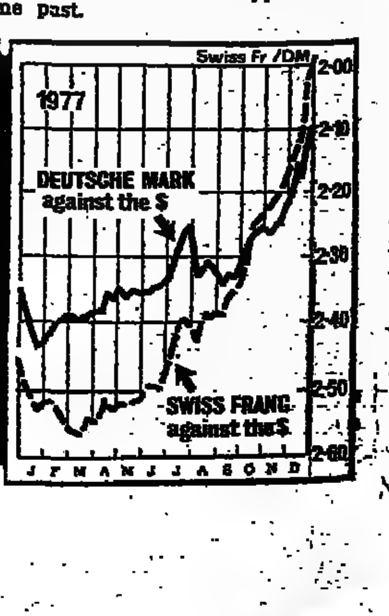
But with some four issues and assorted fixed rate placements scheduled for each month, the yen foreign bond market is no longer to be despised while the issue managers say that the sterling market will be revived after the dust has settled. And the Canadian dollar could always be revived.

The widening currency options give bond market professionals a hedge against currency uncertainty. When there is no business in one currency they can expect to make money in another.

Since the last dollar sector depression, the market has also developed a hedge against high interest rates in the form of floating rate notes. Although the bulk of floating rate issues in the past couple of years have been made by banks (whose main concern is to secure long-term money rather than low interest rate money), there are other obvious candidates in the shape of entities which have traditonally relied on bank loans for medium-term floating rate funds. The expansion of this sector during the coming year is likely to be accelerated by the increasing acceptance during 1977 of developing countries as borrowers on the Eurobond market.

In the unexpected event of continuing depression in the fixed rate dollar sector, therefore, the international bond market is unlikely to stop work as has tended to happen in the past.





Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Alexanders Discount	Jan. 24	Final 8.329
*Allied Breweries	Jan. 5	Final 2.4046
AVP	Jan. 10	Int. 1.1
BAT Inds.	Feb. 1	Final 4.725
*Berisford (S. and W.)	Jan. 6	Final 3.75
BET	Jan. 12	Int. 1.54
Brown (John)	Jan. 28	Int. 3.6
*Butterfield-Harvey	Jan. 10	Int. 1
Davian	Jan. 27	Int. 1.1978
Decca	Feb. 8	Int. 3
Dixons Photo.	Jan. 19	Int. [illegible]
Dowty Group	Feb. 8	Int. 1.88
*English China Clays	Jan. 12	Final 1.3422
*Fitch Lovell	Jan. 20	Int. 1.344
Gestetner	Jan. 20	Final 1.7964
Grand Metropolitan	Jan. 28	Final 2.4037
Guinness Peat	Jan. 26	Int. 3.5
Hambro Trust	Jan. 20	Int. 0.5
Hickson and Welch	Jan. 13	Final 5.9394
*Hoss Robinson	Jan. 9	Int. 3.25
*Imperial Group	Feb. 7	Final 3.918
Inchcape	Jan. 27	Int. 6.825
Land and House Prop.	Dec. 31	Final 2.08
*Lloyds Bank	Feb. 17	Final 4.422
Magnet and Southerns	Jan. 19	Int. 3
*McCorquodale	Jan. 11	Final 8.72
MIM Holdings	Jan. 27	Int. 3 cents
*NatWest Bank	Feb. 28	Final 5.6828
Plessey	Jan. 27	Sec. int. 2.2
Prestige	Feb. 1	Final 3.25
Prop. Sec. Inv. Tst.	Feb. 3	Int. 0.458
*Rank Orgn.	Jan. 23	Final 4.9388
*Scot. and New. Brews.	Jan. 12	Int. 1.2
Scot. Utd. Inv.	Feb. 5	Final 1.3
*SGB	Jan. 10	Final 2.594
*Slough Conversion	Jan. 12	Int. 0.8125
*Tate and Lyle	Jan. 25	Final 3.77
*Thorn Elec.	Jan. 13	Int. 2.2275
Union Discount	Jan. 19	Final 11.878
Wagon Finance	Jan. 28	Final 3.75
*Ward (T. W.)	Jan. 4	Final 2.4375
*Westland	Jan. 4	Final 1.62432

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times covered	Gross Yield	P.E. Ratio
‖	F.P.	—	430	388	ERGO (RO.50)	425	−5	P25c	—	3.9	—
104	F.P.	20/1	119	109	Farmer (S.W.)	118	−1	67.88	2.3	9.7	6.7
183	F.P.	6/1	65	57	Holden (A)	65	......	63.3	3.6	7.7	5.5
82	25p	27/1	28½	26	I.M.I. 25p pd.	28	......	g6.28	2.7	9.1	5.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing price £	+ or −
£100	F.P.	—	100⅛	99½	Agric. Mort. Variable 1982	99⅞	......
£98½	£50	3/2	55⅛	49½	Bath 11½% 1985	53½	......
£100	£50	25/1	52	47¼	Cardiff 11% 1986	51¼	......
£100	F.P.	27/1	90	90	Central & Sheerwood 10% Uns. Ln. 1981	90	......
£99	£60	5/5	60¼	57½	Grampian Reg. 10½% 1935	60¼	......
£100	F.P.	—	99	98½	Hounslow Variable 1982	98½	......
$100	F.P.	—	$98¼	$97¼	Inco 8¾% Notes 1984	$97¾	......
$100	F.P.	—	$98¼	$97½	Do. 9% Deb. 1992	$98	......
£100	£10	24/3	14⅞	11⅛	Kensington & Chelsea 11½% 85-87	14⅞	......
£100	F.P.	—	100⅛	99⅞	Do. Do. Variable '82	100⅛	......
£100	—	—	100	99½	Leeds Variable 1982	100	......
£100	F.P.	—	100	100⅛	Leicester Variable 1982	100	......
‖£99	£10	5/5	12⅛	11½	Mid Kent Water 7% 1982	12⅛	......
$99½	F.P.	—	$98¼	$97½	Norsk Hydro 7¾% Notes 1982	$98¼	......
£98½	£50	3/2	53¼	49½	St. Helens 11½% Red. 1986	53¼	......
—	F.P.	—	$97½	$97	Shell Intl. Fin. N.V. 8½% Guar. Notes 1990	$97	......
£98½	F.P.	6/1	105¼	98	Southwark 11½% 1984-85	102½	......
—	F.P.	27/1	100p	99p	Stag Furniture 10% Cum. Pref.	100p	......
—	F.P.	6/1	107p	106p	York Trailer 10% Pref.	106p	+1

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date *	Latest Renunc. Date †	1977 High	1977 Low	Stock	Closing Price p	+ or −
225	F.P.	2/11	14/12	240	226	Adwest	240	......
114	F.P.	—	—	148	125	Allied Irish Banks	146	......
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

Public Works Loan Board rates

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments.

Effective from December 17

Years	Quota loans repaid by EIP†	Quota loans repaid by ER‡	Quota loans repaid at maturity	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid by ER‡	Non-quota loans A* repaid at maturity
Up to 5	9	9½	9½	10½	10½	11½
Over 5, up to 10	9¾	10½	10½	11¼	11½	11½
Over 10, up to 15	10⅞	10¾	11½	11¼	11¾	11½
Over 15, up to 25	11¼	11½	11½	11¾	11½	12
Over 25	11¾	11½	11¾	11½	12	12½

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel	§ 7 %
Allied Irish Banks Ltd.	7½%	C. Hoare & Co.	† 7 %
American Express Bk.	7 %	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullmann	7 %
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7 %
Bank of Cyprus	7½%	London & European	8½%
Bank of N.S.W.	7½%	London Mercantile	7 %
Banque Belge Ltd.	7½%	Midland Bank	6½%
Banque du Rhone	8 %	■ Samuel Montagu	6½%
Barclays Bank	7½%	■ Morgan Grenfell	7 %
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7 %
Brit. Bank of Mid. East	7 %	P. S. Refson & Co.	7 %
■ Brown Shipley	7 %	Rossminster Accept'cs	7½%
Canada Permanent AFI	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7½%
Cayzer Ltd.	7½%	E. S. Schwab	9 %
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
■ Charterhouse Japhet	7 %	Shenley Trust	9½%
C. E. Coates	8½%	Standard Chartered	7½%
Consolidated Credits	7½%	Trade Dev. Bank	7½%
Co-operative Bank	* 7 %	Trustee Savings Bank	7 %
Corinthian Securities	7½%	Twentieth Century Bk.	8½%
Credit Lyonnais	7 %	United Bank of Kuwait	7 %
Duncan Lawrie	¶ 7½%	Whiteaway Laidlaw	7½%
Eagil Trust	7½%	Williams & Glyn's	7½%
English Transcont.	8 %	Yorkshire Bank	7½%
First London Secs.	7½%		
First Nat. Fin. Corpn.	9 %		
First Nat. Secs. Ltd.	9 %		
■ Antony Gibbs	7 %		
Goode Durrant Trust	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank	‡ 7½%		
■ Guinness Mahon	7 %		
■ Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4¼%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4¼%, and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 4¼%.
¶ Rate also applies to Sterling Ind. Secs.

INTERNATIONAL COMPANY NEWS

Quiet week in dollar bonds

BY FRANCIS GHILES

THE DOLLAR sector of the market was quiet last week although trading was not as flat as many dealers had expected. Prices in the secondary market remained firm despite the weakness of the dollar.

Only one new issue was announced: a $40m. ten-year bond for Eurofima to be co-managed by Smith Barney, Harris Upham. Indicated coupon is 8½ per cent., average life 8.7 years and the issue is expected to be priced at par.

Sterling denominated bonds were up by half to three-quarters of a point on the week, helped by the good showing of sterling against the dollar.

After a very good week, the DM sector was very quiet on Friday as dealers balanced their books for the end of the year.

The strength of the market enabled Bayerische Vereinsbank to reduce the coupon Autopistas de Cataluna y Aragon from an indicated 7¼ per cent. to 7 per cent. The bonds were priced at 99½.

The only new issue announced last week in this sector was the DM200m. five-year bullet for the Kingdom of Norway, which is being managed by Deutsche Bank.

In the Swiss Franc sector Citicorp Overseas Finance NV is to float a Sw.Frs.130m. bond in January to be led by UBS. Maturity of the bond is 15 years and the coupon 4¼ per cent. This is the first bond to bear such a low coupon, other recent bonds having boasted a 4½ per cent. coupon. The cut reflects the firmness of the bond market as well as the fact that new U.S. borrowers have become very rare.

Mexico's Banco Nacional de Obras will make a Y10bn. 10 year private placement in early January through a group of banks led by Nomura Securities. The coupon is 8 per cent. and the bonds will be priced at 99½.

Slide at ICI offshoot

KUALA LUMPUR, Jan. 2.

CHEMICAL COMPANY of Malaysia has reported a slide in profits for the second year running, with pre-tax profits for September this year at 15.9m. ringgits, compared to 19.6m. ringgits last year.

Sales rose to 119m. ringgits, from 115m. ringgits.

The company blames the competition from cheap imported fertilisers during the first half of the financial year for its profit slide.

It said there was still an excess of fertilisers in the Malaysian market during the second half, and this had prevented the company from taking advantage of more favourable prices during the period.

For the current year, the company says it does not expect profits to be much higher than the results achieved in the year under review, as the local market remains strongly competitive, and prices appear to have reached a plateau.

The company, through the help of the ICI group has managed to secure long term supply contracts in Hong Kong, Singapore, Macao and East Africa.

Owing to the lower level of taxation, net profits amounted to 10.45m. ringgits (10.27m. ringgits in 1976), and the company's dividend for the year, at 42.5 per cent. is higher than the 35 per cent. last year.

* * *

HIGHER CROP PRICES—notably in palm oil where production rose sharply—have lifted profits at Kuala Lumpur Kepong to a record 42.3m. Ringgit before tax for the year ended September last.

The performance represents a striking reversal in fortune for the group, one of the largest plantation companies in Malaysia, putting profits comfortably ahead of their previous best level—30.5m. Ringgit in 1973-74. In 1975-76, KLK returned just 19.4m. Ringgit.

The key to the earnings upturn is increased commodity prices helped by a 27 per cent. rise in the production of palm oil. During the year KLK's average selling prices for rubber rose by almost a quarter to $M2.18 a kilo, while those for palm oil increased by more than two-fifths to $M1,314 a ton.

These key commodities were quoted yesterday at $M1.94 and $M930 in quiet trading. So at this early stage and despite the possibility of further increases in palm output—rubber production declined by 4 per cent. last year—it looks as though KLK will have to work very hard to maintain this year's earnings at the present peak levels.

Pre-tax profits for 1976-77 are before crediting land sale profits of 3.26m. Ringitt. Rubber output totalled 17,444 (18,834) and that for palm oil last year rose to 224,124 tons (176,545).

Bonaparte exploration consortium

By Laurence Stephens

SYDNEY, Jan. 2.

A CONSORTIUM of six oil companies is to spend $A11.5m. over the next six years exploring for oil in the Bonaparte Gulf Basin, a section of the North West Shelf offshore of Western Australia.

Lennard Oil NL, an Australian company with a 20 per cent. interest in the consortium, indicated that a sedimentary section of the area contained an ideal source of hydrocarbons and that prospects for oil and gas accumulations appeared good.

Apart from Lennard, members of the consortium are Natomas of Western Australia Inc., Wainoco International Inc. (both subsidiaries of Texan companies), Bonaparte Petroleum Ltd., Petro Energy Ltd. (both subsidiaries of the Sundance and Crux international companies of Colorado) and White Pine Mining Pty. Ltd.

Eight wells have already been drilled in the 20,600 square kilometre (7,950 square mile) area, according to a Lennard spokesman. One of these wells, drilled by Lennard itself in 1969-70, revealed an 8.5 metre (28 feet) thickness of gas-bearing sands.

The first three years of the consortium's schedule will be taken up with the re-processing of data from previous exploration.

MINING NOTEBOOK

A mellow post-prandial peep into 1978

BY LODESTAR

A FORTNIGHT ago I set the scene for the New Year investment dinner that now threatens to become an annual event. So long as it remains successful in its predictions anyway. This year's get-together was at least able to bask in the warm glow of its 1977 perspicacity even though there was one regrettable absentee, our well-known money-maker in chief who had not after all returned from his sojourn in the sun.

However, I did establish by telephone that, as we suspected, he had now sold the rest of his tin shares, Malayan and Saint Piran. His argument was that this section of the mining market had done him proud for two successive years and had now run out of steam.

His advice for anyone still in tins was to get out on the next upward flip which may accompany a recovery in the metal price after its recent sharp collapse. Thereafter the shadow of U.S. stockpile releases could take some of the heat out of the metal's supply-demand imbalance which has been behind the past year's price boost to record levels at one time.

He also confirmed that he still had his Rustenburg. Mention of this brought forth a demand around the dinner table for the source of this column's accurate predictions of the recent upward moves in the producer price for platinum. Sadly, nobody seemed to think that it was all my own work. They were right, of course. There is an old journalistic saying that it is not what you know but who you know that counts. I had to admit that I had access to a wizard of the platinum oz. But I wanted to keep him to myself.

What does he predict now was the obvious question. Watch this column was the equally obvious answer. Both Rustenburg and Impala have now raised their platinum selling prices to $180 an ounce. Friday's London free market "fix" was $184.50 and the big consumers must be realising that the two major South African producers are no longer prepared to do their stockpiling for them.

After some further discussion we reached the conclusion that platinum was likely to knock on the $200 door before gold does likewise although, as last year, bulls of the latter were still in the ascendant among the assembled company. Over $200 some time in 1978 was a verdict for gold only laughed at by an economist, a newcomer to these gatherings who merely succeeded, as seems to be a happy knack of his breed, in confusing what appeared to the rest of us to be fairly clear-cut issues. But he was otherwise quite a pleasant chap.

We then established that our stockbroker friend who had done so well out of Randfontein had no intention of going back into them after their further rise. But he was sticking to his Buffelsfontein and had done what he had said he would do in July with a purchase of ERGO, "an industry dream, able to produce gold and uranium without all the risks and expense of having to mine them." This time it was the economist who looked confused.

Our broker friend added that he had bought a few Afrikander Lease, a potential miner of these products, as a 1978 gamble. And if gold is indeed going to knock on the $200 door (Friday's price of $165¼ compares with $135 a year ago) "then Libanon must be a sure-fire winner."

I was able to add that our money-maker in chief still had his Gold Mines of Kalgoorlie. He expects a decision to revitalise the Fimiston mine at Kalgoorlie, a joint venture with America's Homestake, to be taken some time this year. Finally, on the subject of gold it was pointed out that those who had wanted to steer clear of South Africa and so bought our Canadian selections, Agnico-Eagle and Camflo, had also done well and should continue to do so. Our North American expert added Dickenson to this duo.

We then confirmed our previous opinion that profits on De Beers are worth taking when they are over 300p. True, it has been a bumper year for diamond sales. But a similar stride forward in 1978 is hardly to be expected.

Pancontinental

It was at this point that I threw Pancontinental into the conversation. They have risen from 875p to £10 (after £11) during the past holiday-interrupted fortnight. "Post-election euphoria," the analyst cried, "don't follow it." "You obviously don't work for brokers Laing and Cruickshank," said one of the stockbrokers who produced a rather creased document on which he had been sitting.

It was a four-page analysis by that firm of the company's earnings prospects from its big Jabiluka uranium deposit with the share verdict "strong buy for substantial capital appreciation" "I remember similar exercises for Poseidon," the analyst commented sourly.

Anyway, after a good deal of argument, we agreed to disagree about Pancontinental. My own view was that the shares could always be worth picking up on the inevitable setbacks caused when the lively anti-uranium brigade down-under are indulging in one of their louder drum-beating exercises.

There was less division of opinion when it came to Australian coal shares with the former bulls of Utah Mining Australia now extolling the merits of Oakbridge despite the fact that its shares have already been putting up a good performance in 1977. They are, incidentally, another L. and C. favourite.

Nickel shares? "They've got to be right some time," the analyst said, "but not yet judging from recent Inco pronouncements." There was no strong dissenting voice in the subsequent conversation but I placed a modest side-bet that Western Mining would be higher in Australian dollar terms a year hence.

Arguments raged hotly on the subject of copper, mention of which brought some blowing on one set of burnt fingers in the metal market. Copper bottomed in late 1977 was the general opinion but there was a divergence of views about the extent of its recovery powers this year. Nobody was sufficiently enthusiastic to endorse the purchase of market casualties such as Roan Consolidated and Zambia Copper. Rather it was thought that anyone who could see brighter days ahead for the metal should go for Bougainville, MIM Holdings or Palabora.

I then tried to revise the Selection Trust versus Rio Tinto-Zinc argument but spirits seemed to be flagging in more senses than one. With no one apparently willing to take sides we had to contend ourselves with the conclusion expressed here before, that Selection Trust are always worth buying when below 400p which was, in fact, Friday's closing price.

Most heads round the table nodded assent, even the economists though that was only because he had gone to sleep, either lulled by the conversation or the port, or possibly both. The final remark as the party broke up was made rather smugly by the only man there who is not subject to the investment currency premium. "Watch it," he warned, "it may have gone altogether by the end of 1978."

Money and Exchanges

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977)

Longer term fixed period interest rates continued to decline in the London money market during the three days of trading last week, as a reflection of the general improvement in sentiment of the last few weeks. Strong demand for gilt-edged stock and a worsening of the day-to-day credit position as the week continued helped to keep very short-term rates firm.

Day-to-day funds were in abundant supply on Wednesday and the authorities absorbed the surplus by selling a small number of Treasury bills to the discount houses. Money was in short supply on Thursday, and the Bank of England lent a small amount overnight to three or four houses at Minimum Lending Rate of 7 per cent.

The situation was considerably worse on Friday, thanks to very substantial revenue payments and the fact that most of the Treasury bill take-up was concentrated into that day. An exceptional amount of help was given, mainly by lending until Tuesday and Wednesday of this week.

Minimum Lending Rate remained at 7 per cent. after Friday's Treasury bill tender, but there is speculation in the market that a fall of perhaps ½ per cent. can be expected in the near future. This coming Friday may be a likely time for such a fall unless the authorities take further steps to prevent it. Discount houses buying rates for three-month Treasury bills were below the trigger point for a cut in MLR in places, by the close of business last Friday.

The sharp improvement of sterling in the foreign exchange market may convince the authorities that this is as good a time as any to allow a cut in MLR.

Optimistic predictions about the U.K. economy from the Organisation for Economic Co-operation and Development pushed the pound up 3.10 cents to $1.8940-$1.8960 on Wednesday, even though the dollar recovered a little of its early losses following a reduction in the U.S. trade deficit in November.

Trading was very thin as the end of the year approached, with dealing spreads very wide. The dollar fell sharply again on Thursday following the news that Dr. Arthur Burns is to be replaced as chairman of the U.S. Federal Reserve Board.

Sterling touched a high point of $1.9250-1.9275 in early trading on Thursday, the highest level since March 31 last year. It finished on Friday at $1.9160-$1.9180, a rise of 5.30 cents on the week.

The pound's trade-weighted index against a basket of currencies, as calculated by the Bank of England, rose to 65.4 on Thursday morning, the highest point since May last year. It finished on Friday at 65.2, compared with 64.1 on the previous Friday.

The Swiss franc touched a record level of Sw.Frs.1.9850-1.9950 against the dollar on Thursday, and closed at Sw.Frs.1.9887½ on Friday, compared with Sw.Frs.2.0550 on the previous Friday. The D-mark rose to a best ever DM2.0850-2.0950 on Thursday, and finished the week at DM2.0975 compared with DM2.1520 at the end of the previous week.

Gold rose $8 to $164¾-165¼.

Dec. 30 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6⅞-7¼	—	—	—	7⅛	5-7	—	—	—
2 days notice	—	—	6⅞	—	—	7⅛	—	—	—	—
7 days or 7 days notice	—	6⅞-7¼	6⅞	—	7-7¼	—	6½-6⅞	—	—	—
One month	6¾-6⅝	6⅝-6⅞	6⅝-6⅞	7¼-6⅞	7-7¼	7⅛	6⅝	6¼	6⅝	7⅛-7¼
Two months	6⅝-6½	6⅝-6¾	—	7-6⅞	7-7¼	—	6⅝	6⅛-6⅛	6⅝	7⅛-7¼
Three months	6⅝-6⅝	6½-6⅝	6¾-6⅞	7-6⅞	6⅞-7	7¼	6¼	6⅛-6¼	6⅛-6⅝	7⅛-7¼
Six months	6½-6⅝	6½-6⅝	6¾-6⅞	7-6⅞	7-7¼	—	—	—	6⅛-6¼	7½
Nine months	6⅞-6⅝	6¾-7	—	7⅛-7	7½	—	—	—	—	—
One year	7-6⅞	7-7¼	7⅛-7⅜	7⅜-7⅛	7⅜	—	—	—	—	—
Two years	—	—	8¼-8⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9½-9¾ per cent.; four years 10¼-10½ per cent.; five years 10¾-11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 6⅛-6¼ per cent.; four-month trade bills 7¾ per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) [illegible] per cent. Clearing Bank Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

FOREIGN EXCHANGES

Dec. 30	Bank Rate %	Day's Spread	Close
New York	[illegible]	[illegible]	[illegible]
Montreal	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

‡ Rates given are for convertible francs. Financial franc [illegible].

OTHER MARKETS

	Note Rates
[illegible]	[illegible]

Rate given for Argentina is free rate.

GOLD MARKET

	Dec. 30	Dec. 29
Gold Bullion (a fine ounce) Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins, domestically Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]

EXCHANGE CROSS-RATES

Jan. 2	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Toronto [illegible]. Canadian $ in New York [illegible]. Sterling in Milan [illegible]. *Rates for Dec. 30

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

EURO-CURRENCY INTEREST RATES*

Dec. 30	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German mark
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: [illegible]

Long-term Eurodollar deposits: [illegible]

The following nominal rates were quoted for London dollar certificates of deposit: [illegible]

*Rates are nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

CURRENCY RATES

	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Spain peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

INSURANCE

Taking stock of professional indemnity for solicitors

BY OUR INSURANCE CORRESPONDENT

A COUPLE of years ago, the Law Society decided that any solicitor wishing to practise in England and Wales would have to buy professional indemnity insurance under a special scheme arranged by the Society as a prerequisite of obtaining a practising certificate.

The first year of the scheme was a running-in period during which solicitors who had cover elsewhere let that cover lapse at renewal and then joined the scheme. The scheme became compulsory for all from September 1, 1976.

The Law Society has recently released premium and claim figures for the scheme, from its inception to August 31, 1976, thereby covering both the running-in period and the first full compulsory year.

It is clear from these figures that the Law Society got a good insurance bargain from the consortium of companies and Lloyds' underwriters who are backing the schemes. For after less than two years, against premiums paid of £8.6m. have to be set claim payments of £744,000 and claims reserves of almost £10.5m.

No doubt the reserves have been set up with a high degree of caution so that insurers and the Law Society must hope that a substantial saving will emerge when all the claims are settled. But this saving would have to be in excess of 25 per cent. to allow insurers a break-even claims ratio, and they would then have nothing left for expenses and whatever commission the brokers have collected for their services.

In 1975, the rates set for the scheme were £387.50 for the individual practitioner and £310 for the partner, while it was agreed that for the two subsequent years, these rates would be increased by 12½ per cent of the preceding year's figure or by 75 per cent. of the percentage increase in the official Retail Price Index, whichever was the greater.

Optimistically, a profit sharing clause was built in, obliging insurers to rebate 15 per cent. of the difference between gross premiums, less expenses, and the cost of claims. With hindsight, insurers are probably wishing they had built in a loss sharing clause

Clearly, between now and midsummer, there is going to be a lot of hard bargaining over the terms for 1978-79 which will apply from September 1. and have to be agreed well in advance.

The question the Law Society consortium of insurers, and professional indemnity insurers generally, must be asking themselves is whether the experience so far is the teething troubles of a new scheme for which insurers set their initial premiums too low, or whether the experience is a sign of the times; firstly, of an unsatisfactory level of professional competence and secondly, of the growing awareness of our consumerist society that professionals, doctors, lawyers, surveyors and so on, can, and most probably will, be held liable by the courts to pay compensation for professional lapses.

Fortunately in this country, although the professional indemnity market is relatively small, professionals are not yet in the position of some of their opposite numbers in the United States, particularly doctors and surgeons. Over there, malpractice suits have become so common and the unpredictability of jury verdicts and awards so great, that many medical men cannot afford the premiums that insurers need to provide cover. Before giving advice, providing treatment or undertaking surgery they are having to say to their patients, "you do know that I am uninsured, don't you?"

Some, I understand, are even attempting to get their patients to accept disclaimers of liability.

Fortunately, things are very different in this country. But to come back to the Law Society scheme. It could be that some members of the insurance consortium might decide that enough is enough and withdraw their participation next autumn.

Whether they do or not, it is certain that premiums will have to be increased substantially. From the general professional point of view, the scheme at this stage has little to commend it as a prototype for other professions—accountants, architects, surveyors—who must be well advised to go their present ways and buy individually, from insurers of their own choice, such professional indemnity cover as they think they need, without compulsion.

OVERSEAS MARKETS

Germany firm but nervous

SHARE PRICES firmed on German Stock Markets yesterday after a nervous start to the New Year. The relatively good performance of the dollar and the firmer tone of the Bond Market provided encouragement for major domestic investors.

Daimler gained DM4.50 to DM325 in stronger Motors, while Utilities were up to DM3.50 higher and Stores put on up to DM2.

The Bond Market was active with Public Authority prices gaining up to DM0.35. The Regulating Authorities sold DM29m. nominal of stock, compared with DM10.3m. last Thursday. Mark Foreign Loans finished higher.

AMSTERDAM—Generally firmer in very quiet trading.

Akzo, up Fls.0.9 at Fls.24.1, led Dutch Internationals higher.

Ogem firmed on the announcement it has a good chance to get a Fls.10bn. order from Saudi Arabia.

Other firm shares were KNSM, Heineken and Bols.

Lower issues included Pakhoed and ABN.

State Loans were higher.

BRUSSELS—Belgian shares were mixed in very quiet trading.

Among issues to rise were Electrobel, Ebes, Unerg, CBR and Arbed, but declines included Reserve, Hoboken, Solvay, St. Roch and Cometra.

Most U.K. stocks eased, while German, Dutch and Canadian issues firmed.

U.S. issues were mixed, while French shares were little changed. Gold Mines were slightly lower.

MILAN—Market closed irregularly lower in very slow trading. Pirelli Spa lost L18 to 986. Also lower were Liquigas, Montedison and Snia Viscosa, while Terni and Pierrel each recovered.

Bonds met lively trading, with interest centred on Treasury Bills and Enel.

VIENNA—Quiet with small mixed movements.

OSLO—Industrials were slightly firmer, while Insurances, Bankings and Shippings were little changed.

COPENHAGEN—Mixed to higher in quiet dealings.

Commodity issues moved up, while Communications, Shippings and Industrials were mixed.

MARKETS CLOSED

Markets were closed in the following countries yesterday: Australia, Canada, France, Japan, Luxembourg, Spain, South Africa, Switzerland, U.K. and U.S.

Japan will remain closed to-day.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
American Medicorp.	271.400	21½	+⅛
Chrysler Corp.	214.900	13⅞	−⅛
Gulf Wn. Inds. Wts.	212.400	—	—
Kennecott Copper	203.900	22⅜	+⅜
Howard Johnson	197.000	11⅛	+⅜
Tesoro Petroleum	179.000	7⅞	—
Marshall Field	161.300	22⅞	+⅛
Gulf/West. Inds	160.700	11⅛	+⅛
Coastal States Gas	138.400	12⅞	+⅛
Tandycrafts	136.400	13⅞	—
Dow Chemical	134.300	26⅞	−⅛

U.S.—Communist trade falls

WASHINGTON, Jan. 2.

DESPITE DETENTE and the overall growth of U.S. foreign trade, commerce with Communist countries declined in 1977, according to a special economic report prepared by the State Department.

The U.S. ranks as the fourth *largest NATO trader with Communist countries*. But since 1973, the first year included in the report, U.S. trade with those countries has never exceeded 2.2 per cent. of its total foreign trade.

Between January and August 1977, compared with the same period in 1976 "there was a downward trend" in the U.S. trade with all Communist nations, especially in exports.

Imports from the Communist world were $1.87bn. during the eight months (2.4 per cent. of total imports), down from $2.65bn. (3.5 per cent.) in January-August 1976.

U.S. exports to Communist nations totalled $691.4m. during *January-August 1977 (0.8 per* cent. of total U.S. exports), compared with $699m. in 1976, the last full year included in the report. U.S. imports from the Communist countries amounted to about $1.1bn. and U.S. exports to those countries $3.6bn. Of the exports, more than $2.3bn. went to the Soviet Union.

Despite the slow decline in the U.S. trade, the State Department report said total trade by Nato countries (including the U.S. and Canada) with the Communist bloc grew between 1973 and 1976 from $24.4bn. to $41.2bn.

West Germany in 1976, as in previous years, had the biggest share of Nato trade with Communist countries. Imports *amounted to nearly $9bn. and* exports to about $8.7bn.

France and Italy were the second and third largest Nato traders with the Communist nations in 1976. France's trade amounted to about $5.2bn. and that of Italy to $4.8bn.

The U.S. was fourth in 1976 with $4.7bn., followed by the U.K., Greece, Iceland, Turkey, Portugal and Canada.

UPI.

St. Regis raises kraft price

THE FALL in U.S. kraft liner prices since last April has been arrested with the announcement from St. Regis Paper Company of a 10 per cent. rise effective from February 1, 1978. This brings the current price of $195 a ton up to last April's price of around $215 a ton.

Kraft liner is used in corrugated case manufacture and U.S. imports are the subject of an anti-dumping investigation by the European Economic Community. Britain imports between a third and a half of its annual 500,000 tonnes a year kraft liner demand from the U.S.

European manufacturers of test liner, a waste-based substitute for kraft liner, have been concerned about the erosion of price differentials between the two liners.

But in the U.S., St. Regis Paper said the current U.S. price was "unacceptable," with most board mills losing money at the $195 level, let alone at $185 reported during the past weeks. The increase should help restore differentials.

France, Europe's only non-Scandinavian kraft liner producer, has called for a $40 a tonne import duty, in addition to the existing duty of 8.5 per cent.

Koch sworn in

A jubiliant Mr. Edward Koch was sworn in as New York City's 105th Mayor on Sunday, his mood matching a wave of optimism in the city about its ability to tackle the still fearsome fiscal problems facing it, Steward Fleming writes from New York.

Mr. Koch rode to his inauguration in a city bus, and in his inauguration speech to 2,500 people outside City Hall he warned that now the city's Treasury is nearly empty it must be wisely managed.

Guyanan dollar will not be devalued

BY OUR OWN CORRESPONDENT

GEORGETOWN, Jan. 2.

ENDING MONTHS of wide speculation, Mr. Forbes Burnham, Guyana's Prime Minister, has announced that there is to be no devaluation of the Guyanan dollar.

His statement came in a New Year message and was evidently *aimed at allegations* by the Opposition and other commentators that the administration was planning a devaluation of about 33 per cent. The claims had been based on the fact that the Government has asked the IMF for a sizeable loan which is still under negotiation.

Mr. Burnham said that devaluation "is not an answer to our problems." His "prescription" for economic recovery comprised "careful management of our financial resources and reserves, *greater production and productivity*, intelligent exploitation of our natural resources, strict discipline, a war on waste, the resolute pursuit of our socialist objectives, the intimate involvement of the people, and courage never to submit or yield." He added: "In our circumstances devaluation will mean increased import costs with very few, if any, compensations."

The Prime Minister confirmed an earlier report by his Economic Development Minister, Mr. Desmond Hoyte, that the 1978 budget will be presented some time this month. This makes it much later than usual; the budget is normally tabled in late November or early December, but last year, when the country began to feel the squeeze of an economic downturn, it came at the end of the year.

The Economic Development Minister explained that discussions are being held with the Trades Union Congress on the Government's plans for large-scale redeployment of workers within the public sector, hence the delay requested by the Labour movement. The Opposition claims, however, that the administration is awaiting the outcome of its talks with various lending agencies, including the IMF, on financial and economic assistance, before presenting the *budget*.

Mr. Hoyte explained also that, unlike the past, the budget will be a four-year document instead of one year. This is in keeping with a statement made in Parliament last year by Mr. Burnham that the traditional format of the budget will be changed. Mr. Burnham said in his New Year message that he was convinced that the Guyanan economy was on the upturn, but he could not promise a miracle in a few months. He said there would be need for belt-tightening for at least two years

Call for Caricom summit

BY OUR OWN CORRESPONDENT

MR. FORBES BURNHAM, Guyana's Prime Minister, has joined the growing demand for an early meeting of the heads of Government of the Caribbean Community (Caricom).

In a special statement on the regional integration movement, Mr. Burnham said "ways and means which will allow us to retain unity within our diversity" must be sought.

He suggested separate preparatory meetings involving Ministers of trade, economic development, finance, and natural resources. Guyana would be prepared to host the meeting of natural resources Ministers, and other countries should host the three others.

A Caricom summit has been due for several months—the last being held in St. Kitts in December 1975.

The economic difficulties of the region have forced severe restrictions on imports by some countries, particularly Guyana and Jamaica, which have included Caricom imports.

These and other matters, such as the future direction of Caricome, need summit attention, and the failure of the heads to meet has been interpreted by some observers as an indication of the stress through which the movement is passing.

Mr. Burnham said his proposal for a summit preceded by Ministerial conferences could lead to a "halt to the trend towards fragmentation."

Indices

NEW YORK —DOW JONES

	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 23	Dec. 22	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	831.17	830.39	829.70	828.70	828.87	821.87	999.75 (3/1)	800.85 (2/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	90.96	90.94	90.96	91.14	91.16	91.26	95.87 (7/9)	90.63 (7/3)	—	—
Transport	217.18	217.31	216.74	216.79	217.15	215.92	246.64 (18/6)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	111.28	111.28	110.95	110.68	110.89	110.19	118.67 (22/2)	104.97 (26/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	25,560	25,610	19,650	18,750	20,080	28,190	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Dec. 23	Dec. 16	Dec. 9	Year ago (approx.)
	5.64	5.64	5.63	4.15

STANDARD AND POORS

	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 23	Dec. 22	1977 High	1977 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	104.71	104.55	104.51	104.27	104.28	105.25	118.92 (3/1)	99.88 (2/11)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	95.10	94.94	94.75	94.69	94.69	87.88	107.00 (3/1)	90.71 (2/11)	125.35 (11/1/73)	4.40 (1/6/32)

	Dec. 28	Dec. 21	Dec. 14	Year ago (approx.)
Ind. div. yield %	4.90	4.99	4.89	3.71
Ind. P/E Ratio	9.15	8.97	9.06	11.56
Long Govt. Bond yield	8.02	7.96	7.88	6.40

N.Y.S.E. ALL COMMON

Dec. 30	Dec. 29	Dec. 28	Dec. 27	1977 High	1977 Low
52.50	52.45	52.31	52.25	57.87 (4/1)	49.78 (2/11)

Rises and Falls

	Dec. 30	Dec. 29	Dec. 28
Issues traded	1,898	1,906	1,911
Rises	792	778	711
Falls	648	622	655
Unchanged	458	506	545
New Highs	43	51	44
New Lows	25	26	21

MONTREAL	Dec. 30	Dec. 29	Dec. 28	Dec. 27	1977 High	1977 Low
Industrial	176.85	176.15	175.55	174.75	186.47 (17/3)	158.82 (25/10)
Combined	182.46	181.85	181.25	180.88	187.35 (19/1)	165.68 (25/10)
TORONTO Composite	1059.58	1055.76	1054.8	1049.7	1067.4 (19/7)	961.9 (25/10)
JOHANNESBURG Gold	(c)	204.7	(u)	(c)	214.7 (17/10)	158.4 (24/6)
Industrials	(c)	211.3	(u)	(c)	211.3 (29/12)	169.1 (22/6)

	Jan. 2	Previous	1977-78 High	1977-78 Low
Australia (§)	(c)	477.10	477.10 (30/12)	412.85 (16/2)
Belgium (‡)	91.68	91.38	98.12 (10/1)	90.71 (30/12)
Denmark(**)	96.42	96.49	107.92 (9/6)	96.54 (28/11)
France (††)	(c)	55.4	58.4 (7/1)	43.5 (10/6)
Germany(‡‡)	794.0	787.6	813.3 (17/11)	712.5 (10/3)
Holland (§§)	80.9	80.0	93.2 (4/6)	76.6 (29/9)
Hong Kong (***)	(c)	404.02	435.17 (11/6)	404.02 (30/12)
Italy (‡‡)	55.62	55.63	73.71 (8/1)	54.90 (22/12)
Japan (a)	(c)	(c)	390.93 (29/9)	350.49 (24/11)
Singapore (b)	(c)	264.24	262.08 (29/8)	242.2 (3/6)

	Jan. 2	Previous	1977-78 High	1977-78 Low
Spain (d)	(c)	67.29	102.37 (1/3)	62.92 (9/12)
Sweden (e)	324.37	323.16	416.66 (22/3)	228.51 (11/7)
Switzerl'd (f)	(c)	301.1	318.6 (14/10)	280.5 (3/3)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. (§) Sydney All Ord. (‡) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (***) Hang Seng Bank 31/7/64. (‡‡) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 31/12/76. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. 31/12/58. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◆ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—79½% (84¼%).

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ◆

Jan. 2	Prices Dm.	+ or −	Div. %	Yld. %
AEG	86.5	+1	—	—
Allianz Versich.	474.5	+0.5	18	1.9
BMW	225.5	+3.3	20	4.4
BASF	139.5	+0.4	17	6.1
Bayer	134.8	−0.1	16	5.9
Bayer. Hypo	276xd	+1	20	3.6
Bayer. Vereinsbk	309	+1	20	3.2
CibaInt.Ned.wrts	160		—	—
Commerzbank	221	−1	18	4.1
Conti Gummi	68.3	+1.8	—	—
Daimler Benz	325	+4.5	19	2.9
Degussa	266.5	+1.5	18	3.4
Demag	147.5	+2	14	4.7
Deutsche Bank	300.5		20	3.3
Dresdner Bank	239.5	−0.5	20	4.2
Dyckerhoff Zemt	150	+5	4	1.3
Gutehoffnung	203.7	−0.8	12	2.9
Hapag Lloyd	115.5	−1.5	12	5.5
Harpener	224	−4	9	4.0
Hoechst	129.2	+1.2	16	6.2
Hoesch	43.8	+0.5	4	4.6
Horten	155	+0.7	10	4.7
Kali und Salz	139	+6.8	9	5.2
Karstadt	351	+1	20	2.9
Kaufhof	223		20	4.5
Klockner Dm 100	91		—	—
KHD	167	−0.5	12	3.6
Krupp	100.5		—	—
Linde	237.2	−1.3	16	3.4
Low'nbrau Dm 100	1,560		20	1.3
Lufthansa	107.5		7	3.2
MAN	188.5		12	3.2
Mannesmann	160.3	+0.8	14	—
Metallges.	228.2		10	2.2
Munchener Ruck	476xd		18	1.9
Neckermann	134		—	—
Preussag Dm 100	121.5	+1	7	5.8
Rhein West Elect.	205	+5	16	3.9
Schering	255.5	−3.3	20	3.7
Siemens	293.3	+0.8	16	2.7
Sud Zucker	247.5		17	3.4
Thyssen A.G.	117	+1.2	11	4.7
Varta	171		14	4.1
VEBA	115	+1.7	12	5.2
Verein & West Bk	314	+1	20	3.2
Volkswagen	204.8	+0.8	10	2.4

TOKYO ¶

Dec. 28	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	325xd		14	2.2
Canon	402xd	+3	12	1.6
Casio	526	+6	25	2.4
Chinon	360	−6	20	2.8
Dai Nippon Print	510	+2	18	1.8
Fuji Photo	460	+7	15	1.6
Hitachi	276	+4	12	4.4
Honda Motors	457	−6	18	1.8
House Food	880	+10	35	2.0
C. Itoh	225		12	2.7
Ito-Yokado	1,520	−10	30	1.1
Jaccs	470	−5	13	1.4
J.A.L.	2,520	+10	—	—
Kansai Elect.Pw.	1,150		10	4.4
Komatsu	267xd	+2	18	3.4
Kubota	270		15	2.6
Kyoto Ceramic	2,260		35	0.8
Matsushita Ind.	569	+8	20	1.8
Mitsubishi Bank	280	+1	10	1.8
Mitsubishi Heavy	131	−4	12	4.6
Mitsubishi Corp.	401	−3	13	1.6
Mitsui & Co.	309	+1	14	2.3
Mitsukoshi	518	+2	20	1.9
Nippon Denso	900xd	−21	15	0.8
Nippon Shinpan	528	−27	12	1.1
Nissan Motors	678	+11	16	1.2
Pioneer	1,240	−20	48	1.9
Sanyo Electric	200	+4	12	3.0
Sekisui Prefab	1,020		30	1.5
Shiseido	920	+1	20	1.1
Sony	1,720	−10	40	1.2
Taisho Marine	255	−8	11	2.2
Takeda Chemical	245	−3	15	3.1
TDK	1,210	−10	30	1.2
Teijin	106	+1	10	4.7
Tokio Marine	503	−4	11	1.1
Tokio Elect Pow'r	1,130	−20	8	3.5
Tokyo Sanyo	210		12	2.9
Tokyo Shibaura	116		10	4.3
Toray	114		10	4.4
Toyota Motor	703xa	+8	20	1.4

Source Nikko Securities Tokyo

BRUSSELS/LUXEMBOURG

Jan. 2	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	1,920	+60	—	—
Bq.Brx.Lamb.	1,422	−28	60	4.2
Bekert "B"	1,780	−10	112	6.3
C.B.R. Cement	1,222	+22	90	7.4
Cockerill	373	+5	—	—
EBES	2,290	+20	177	7.7
Electrobel	5,930	+50	430	7.3
Fabrique Nat.	2,500	+20	170	6.8

[illegible]

AMSTERDAM

Jan. 2	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl. 20)	103	−1.1	24	4.7
Akzo (Fl.20)	24.1	+0.9	—	—
Algem Bnk(Fl.100)	329.5	−1	A22.5	6.8
Amev. (Fl. 10)	74		A44	5.9
Amro Bank(Fl.20)	68.4		22	6.5

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

AUSTRALIA

[illegible]

SWITZERLAND ◆

[illegible]

MILAN

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

SPAIN ♥

[illegible]

U.S. Markets

[illegible]

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

I.G. Index Limited 01-351 3466. Three months Copper 678½-684
29 Lamont Road, London SW10 0HS.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77.)
Clive Fixed Interest Capital 135.19
Clive Fixed Interest Income 128.03

CORAL INDEX: Close 483-488

INSURANCE BASE RATES

† Property Growth 8½%
Cannon Assurance 4½%
† Address shown under Insurance and Property Bond Table.

FINANCIAL TIMES STOCK INDICES

—	Dec. 30	Dec. 29	Dec. 28	Dec. 23	Dec. 22	Dec. 21	A year ago
Government Secs.	78.09	77.93	77.86	77.52	77.43	77.60	60.27
Fixed Interest	80.72	80.60	80.54	80.23	80.25	80.17	60.42
Industrial Ordinary	485.4	490.6	490.4	483.7	481.5	480.0	354.7
Gold Mines	133.2	139.8	136.7	131.6	132.4	132.9	119.8
Ord. Div. Yield	5.51	5.45	5.45	5.52	5.54	5.56	6.25
Earnings Y'ld% (full)(*)	16.74	16.57	16.55	16.79	16.83	16.87	19.58
P/E Ratio (net) (*†)	8.47	8.56	8.56	8.44	8.42	8.42	7.48
Dealings marked	4,816	3,563	2,489	2,219	3,729	4,186	4,019
Equity turnover £m	—	66.98	46.31	31.51	61.44	59.54	60.15
Equity bargains total	—	12,148	7,448	6,274	9,554	10,754	11,370

10 a.m. [illegible]. 11 a.m. [illegible]. Noon [illegible]. 1 p.m. [illegible].
2 p.m. [illegible]. 3 p.m. [illegible].
Latest Index [illegible].

* Based on 52 per cent. corporation tax. † Nil=8.41.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE. Activity July-Dec. 1942. ‡ Corrected.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	80.72 (30/12)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (17/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 30	Dec. 29
—Daily		
Gilt-Edged	155.5	111.3
Industries	164.4	126.1
Speculative	42.2	27.8
Totals	109.7	81.1
—5-day Average		
Gilt-Edged	118.3	119.2
Industrials	114.7	110.4
Speculative	28.8	25.8
Totals	76.6	73.7

FINANCIAL TIMES STOCK INDICES

—	Dec. 30	Dec. 29	Dec. 28	Dec. 23	Dec. 22	Dec. 21	A Year ago
Industrial Group	208.74	210.75	210.34	207.97	207.44	206.41	140.13
[illegible] Shares	231.14	233.23	232.94	230.79	230.29	229.10	163.41
Div. Yield [illegible]	5.31	5.26	5.27	5.31	5.32	5.35	6.44
P/E Ratio (net)	8.79	8.87	8.86	8.80	8.78	8.75	5.65
[illegible] Shares	214.55	216.43	215.97	213.99	213.54	212.44	151.96

HONG KONG

Hong Kong $	Dec. 30	Dec. 23
Govt. Land [illegible]	—	—
Amalgamated Rubber	1.54	11.58
Bowaters [illegible]		
China Light & Power	19.80	19.90
City Hotels	153.00	34.0
Cosmopolitan Properties	11.41	1.455
Cross Harbour Tunnel	10.80	10.70
E. Asia Navigation	4.225	4.20
Hong Kong Aircraft	165.00	68.005
Hongkong & Whampoa Docks	—	—
Hong Kong Electric	5.00	5.00
Hongkong Kowloon(?) Wharf	12.90	13.10
Hong Kong Land Invest.	6.60	6.65
Hong Kong Shanghai Bank	17.60	17.40
Hong Kong Shanghai Hotels	12.60	15.20

SINGAPORE

Dec. 30	$	Dec. 30	$
Industrials			
[illegible]	0.56½	Straits Trad'g	5.60
Boustead Co.	1.49	Times Pub. Berhad	3.24
Boustead Bhd	1.96/1.97	U. Engineers	1.49
Dunlop	3.62	U. Ov's. Bk.	2.92
Sime [illegible]	2.26	Wearne	3.52
Fraser Neave	3.60	Tractor	3.34/3.35
Haw Par	0.94½	Chemical	4.08/4.14
Hume Ind.	1.40	Willm Jacks.	1.11
Inchcape	2.20		
Jardine	1.20	Rubbers	

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

Dividends Paid	Stock	£	Last xd	Div. Gross	C'vr	Y'ld Gr's
ApJuOJa	Manf. Han. US$7.50	22¼	23.3	$1.92	—	4.7
Ju.Ap.Jy.O.	Morgan (JP) US$2.5	29⅝	9.6	$2.36	—	3.9
N. F. My. Au.	Norton Simon Inc. $1	13⅞	9.5	76c	—	3.1
M.Jn.S.D.	Owens-Ill. $3.125	16¼	3.11	h$1.06	—	3.6
Ju.Oc.J.A.	Quaker Oats US$5	15⅞	14.9	$1.04	—	3.3
—	Reliance $0.25	17½	9.74	15c	—	—
J.A.J.O.	Rep. N.Y. Corp. $5	17⅝	9.3	$1.00	—	3.5
F.MyAuN.	Rexnord $5	11⅞	11.8	80c	—	3.8
S.D.Mr.Ju.	Richdsn.-Mrrll $1¼	15⅝xc	12.8	90c	—	3.3
Mr.Ju.S.D.	Saul (B. F.) $1	302p	11.74	—	—	—
Mr.Je.S.D.	Shell Oil $1	22⅛	1.11	h$1.60	—	4.0
Mr.Je.S.Dec.	Singer ($10)	13½	16.12	60c	—	2.5
Au.N.F.My.	Sperry Rand $0.50	25⅛	28.6	$1.12	—	2.5
Ma.Ju.Se.Dec	TRW Inc. $1¼	22	3.11	$1.60	—	4.1
Feb My Au Nov	Tenneco	22	9.5	$2.00	—	5.1
June Dec.	Do. 10% Ln. Stk. 91-95	139	13.6	10%	—	f7.5
J. Ap. Jy. O.	Tesoro Pt. US$0.16⅔	543p	25.11	$1.00	—	10.4
Mr.Je.S.D.	Texaco $6.25	19	5.5	$2	—	6.0
Mr.Ju.S.D.	Time Inc.	26¼	24.8	$1.30	—	2.8
Ja.Ap.Ju.O.	Transamerica $1	10½	23.11	80c	—	4.3
MarJnSpDc	Utd. Tech. $US5	24½	24.8	$1.80	—	4.2
Mr.Je.S.D.	U.S. Steel $1	21⅞xd	29.10	$2.20	—	5.7
May Aug.	Vetco $0.50	15⅝xd	26.7	20c	—	0.7
Mr.Je.S.D.	Woolworths $3½	13⅛	26.7	$1.40	—	6.0
Ap.Jy.O.J.	Xerox Corp. $1	33xd	28.11	$1.60	—	2.8
—	Xonics Inc. 10c	518p	—	7½c	—	0.8
O.Ja.Ap.Jy.	Zapata Corp. 25c	10⅞	12.9	s30c	—	1.6

S.E. List Premium 33¼% (based on $US1.9845 per £)

Conversion factor 0.7563 (0.7358)

CANADIANS

S.E. List Premium 33¼% (based on $2.1062 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

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INDUSTRIALS—Continued

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INSURANCE—Continued

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Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. May	Falcon Rh.50c	155	19.9	Q50c	♦	30.7
May	Rhod'n Corp. 16⅝p.	18½	28.3	0.57	4.3	4.6
—	Roan Cons. K4	55	1274	—	—	—
Dec. July	Tanganyika 50p	137	17.10	Q11.0	1.1	8.0
Jan. July	Do. Pref. 80p	78xd	12.12	Q9%	16.4	9.2
Nov. May	Wankie Col. Rh.1	32	17.10	Q7½c	1.4	20.8
—	Zam.Cpr.SBD0.24	12½	1174	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 25c	11	—	—	—	—
Nov. Apr.	Bougainville 50 Toea	76	15.3	Q10c	1.5	8.3
—	BH South 50c	76	974	—	—	—
Oct. May	Conzinc Riotinto 50c	192	—	Q9c	2.3	2.9
—	G.M. Kalgoorlie $1	60	6'67	—	—	—
September	Hamptn Areas 5p	81	25.7	1.45	4.1	2.7
—	Metals Ex. 50c	17	—	—	—	—
Dec. June	M.I.M. Hldgs. 50c	148	3.10	Q9c	1.7	3.8
—	Mount Lyell 25c	10	—	—	—	—
—	Newmetal 10c	2	—	—	—	—
June Nov	North B. Hill50c	90	31.10	Q8c	1.5	5.5
—	Nth. Kalgurli	10	—	—	—	—
June Nov.	Oakbridge $A1	134	26.4	Q11c	1.9	5.2
—	Pacific Copper	34	—	—	—	—
—	Pancont'l 25c	£10	—	—	—	—
—	Paringa M&Ex.5p	13	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	445	28.3	Q15c	♦	2.1
—	Poseidon 20c	75#	—	—	—	—
—	Vulcan Min. 50c	12	—	—	—	—
Oct. May	Westn. Mining 50c	98	19.9	Q6c	1.4	3.8
—	Whim Creek 20c	50	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	30	17.10	2.51	1.6	12.7
Apr. Oct.	Ayer Hitam $M1	255	5.9	Q0[illegible]7c	0.9	40.4
Apr. Oct.	Beralt Tin	47	8.8	3.75	2.3	12.1
Jan. July	Berjuntai $M1	225	14.3	‡Q60c	♦	—
Feb. Oct.	Geevor	475	5.9	18.15	5.4	5.8
—	Gold & Base 12½p	10	1074	—	—	—
July Dec.	Gopeng Cons.	265	31.10	13.2	1.9	7.5
—	Hongkong	135	11'67	—	—	—
Mar. Sept.	Idris 10p	93	25.7	9.14	1.0	14.9
—	Jantar 12½p	10	4'67	—	♦	—
—	Kamunting $M0.50	73	14.3	ZQ15.5c	0.7	5.3
Jan. July	Killinghall	450xd	12.12	Q125	♦	11.1
—	Malay Dredging $M1	320xd	12.12	Q95.5c	♦	7.4
—	♠Pahang	27#	9.75	‡Q2.5	0.5	9.3
July Jan.	Pengkalen 10p	58	14.11	5.58	1.3	14.6
Jun. Nov.	Petaling $M1	190xd	12.12	mQ12½c	10.9	1.6
Mar. Oct.	Saint Piran	61	8.8	g1.99	♦	5.1
—	South Crofty 10p	60	—	b4.12	1.5	10.3
Jan. July	South Kinta $M0.50	180	31.10	‡Q77.8c	1.4	18.7
June Jan.	Sthn Malayan $M1	280	31.10	‡Q131.3c	1.1	11.6
—	Sungei Besi $M1	152	—	—	—	—
—	Supreme Corp. $M1	55	974	ZQ10	—	4.5
Mar. Aug.	Tanjong 15p	100	25.7	Q[illegible]%	♦	9.9
Sept. Mar.	Tongkah Hrbr. $M1	90xd	12.12	‡Q16.9%	1.6	4.7
Apr. Oct.	Tronoh $M1	158	5.9	ZQ30c	2.0	4.7

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
June Dec.	Messina R0.50	95xd	12.12	Q30c	1.9	21.6

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Burma Mines 17½p.	9	575	—	—	—
—	Colby Mines $C1	88	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	260	27.6	Q30c	♦	‡
—	Northgate C$1	290	375	—	—	—
Jan. June	R.T.Z.	185	31.10	t8.5	q3.1	7.0
—	Sabina Inds. C$1	45½	—	—	—	—
—	Tara Exptn. $1	950	—	—	—	—
Nov. July	Tehidy Minerals 10p	45	17.10	1.21	2.5	4.1
October	Yukon Cons. C$1	137	15.9	Q7c	♦	3.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♣ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *e Redemption yield. f Flat yield. g Assumed dividend and yield.* h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or *deferred. C Canadian. D Cover and P/E ratio exclude profits* of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 13

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	—
Ash Spinning	41	—
Bertam	19	—
Bdg'wtr. Est. 50p	273	—
Clover Croft	23	—
Craig & Rose £1	350xd	—
Dyson (R.A.)	35	—
Ellis & McHdy	65	—
Evans Fr'k. 10p	28	—
Evered	15½	—
Fife Forge	47	—
Finlay Pkg. 5p	18½	—
Graig Ship. £1	250	—
Higsons Brew	135	—
I.O.M. Stm. £1	143	−4
Holt (Jos.) 25p	237	—
N'thn. Goldsmith	39	—
Pearce (C. H.)	111	—
Peel Mills	17	—
Sheffield Brick	45	—
Sheff. Refrshmt.	58	+5
Shiloh Spinn	20	—
Sindall (Wm.)	83	—

IRISH

Conv. 9% '80/82	£98⅝	—
Alliance Gas	67	+2
Arnott	300xd	—
Carroll (P.J.)	90	—
Clondalkin	75½	+½
Concrete Prods.	110	+4
Heiton (Hldgs.)	48	+1
Ins. Corp.	160	—
Irish Ropes	138	—
Jacob	45	+2
Sunbeam	24	—
T.M.G.	175	+15
Unidare	65	—

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	25	Tube Invest.	30
A.P. Cement	18	"Imps"	7	Unilever	40
B.S.R.	11	I.C.L.	29	Utd. Drapery	7½
Babcock	19	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	6	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	5
Brown (J.)	20	London Brick	5	Land Secs.	18
Burton 'A'	9	Lonrho	7	MEPC	12½
Cadburys	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	13	Mrks. & Spncr	13	**Oils**	
Dunlop	6½	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	Nat. West. Bank	22	Burmah Oil	7
E.M.I.	18	Do. Warrants	10	Shell	28
Gen. Accident	17	P & O Dfd.	12	Ultramar	22
Gen. Electric	16	Plessey	9	**Mines**	
Glaxo	40	R.H.M.	5	Charter Cons.	12
Grand Met.	9	Rank Org. 'A'	18	Chartechall Fin.	3½
G.U.S. 'A'	18	Reed Intl.	18	Cons. Gold	20
Guardian	18	Reyrolle	20	Rio T. Zinc	16
G.K.N.	22	Spillers	4		
Hawker Sidd.	60	Tesco	4		
House of Fraser	12	Thorn 'A'	22		
		Trust Houses	13		

FINANCIAL TIMES

Tuesday January 3 1978

Rhodesian leaders confident of early agreement

BY TONY HAWKINS

RHODESIA'S "internal settlement" talks resume here tomorrow, with the leaders of all four delegations confident of reaching agreement within the next few weeks.

In his New Year message to Rhodesians over the week-end, Mr. Ian Smith, the Prime Minister, spoke of the "significant progress" already made. He added that the talks were "proceeding well."

He also warned Rhodesians, however, to expect stresses and strains in the economy. In a separate development, the Reserve Bank of Rhodesia is no longer quoting a daily official rate for sterling. This reflects the relative lack of importance of sterling as a trading currency as far as Rhodesia is now concerned, with the U.S. dollar being critical on the export side and the South African rand vitally important on the import side.

Sterling links

The poor economic outlook for Rhodesia this year can be blamed on the sluggish world economy and depressed commodity markets, Mr. Smith said.

He claimed that while Rhodesia secured a favourable trade balance in 1977, the current account of the balance of payments swung back into deficit due to heavy spending on invisibles.

The final severing of links with sterling as a trading currency highlights the changed situation in Rhodesia as a result of 12 years of economic sanctions, because in 1965, when UDI was declared, sterling was obviously the most important currency for Rhodesia.

It suggests, too, that British exporters are going to find it very difficult—and probably impossible—to regain their former economic domination of the Rhodesian market once economic sanctions are finally removed.

Prospects for progress in the settlement talks have also been enhanced by some optimistic hints from the three black nationalist groups involved—

Martin Dickson writes: Lord Carver, Britain's commissioner-designate for Rhodesia, is likely to fly to Mozambique shortly for discussions with President Samora Machel on the stymied Anglo-American proposals for a Rhodesian settlement.

The talks will be Lord Carver's first major discussion with any of the parties to the Rhodesian dispute since Mr. Smith seized the political initiative from Britain and the U.S. by launching his own internal settlement plan.

Patriotic Front

With talks between Mr. Smith and the three Rhodesian-based nationalist movements continuing, the focus of attention remains very much on Salisbury rather than the Anglo-American initiative.

However, Britain is still keen to hold discussions on its settlement proposals with the fourth Rhodesian nationalist group, the Patriotic Front, and to maintain what support it can for the Anglo-American plan from the African frontline states which back the Patriotic Front.

In recent months, Britain's room for negotiation has been sharply reduced by divisions among the frontline states and within the Patriotic Front as to whether elections should be held before or after Rhodesian independence.

But with the possibility of an agreement emerging in Salisbury that would exclude the Patriotic Front, the African leaders have been trying to resolve their differences and the frontline presidents last month declared their support for "positive" aspects of the Anglo-American plan.

Little progress likely in fire peace talks

BY ALAN PIKE, LABOUR CORRESPONDENT

BOTH SIDES in the firemen's dispute yesterday took a pessimistic view of talks with Mr. Merlyn Rees, Home Secretary, which to-day will explore ways of resolving the seven-week-old national strike.

Mr. Martin Brannan, chairman of the local authority negotiators, said that the employers were a very determined lot who were getting "fed up to the teeth" with firemen's demands.

The message to him from fire authorities all over Britain was: "For God's sake, don't give in." He believed that there was little purpose in to-day's meeting, except that the strikers' union had asked for it.

Mr. Jack Haworth, vice-president of the Fire Brigades' Union which decided last week to seek the tripartite talks with employers and Government, said yesterday that he was "not very optimistic" about the likely outcome.

He told a rally of 1,000 firemen in Manchester that the union was entering the meeting from a position of strength. There would be no settlement while Mr. Brannan continued talking in "veiled terms" about redundancies and there would be no settlement "until the majority of Britain's firemen say so."

A statement issued last night by the employers said the employers hoped that their talks with the Fire Brigades Union would lead to a settlement of the strike. "They believe the offer they have made can form a basis of a settlement honourable to both sides."

The statement said attention had been given recently to manning levels in the fire service, which are determined by standards of fire cover set by the Home Office. It said the strike had not lasted long enough for any conclusion to be drawn yet about manning levels.

"They will, however, be a matter of concern to the employers in negotiating with the FBU the proposed reduction in the working week from 48 to 42 hours in November 1978."

Mr. Frank Allaun, the Left-wing Labour MP, said at the same Manchester rally, that the Government should relax the rigidity with which it was standing by the 10 per cent. pay guidelines in the talks and assist the firemen to return to work with dignity.

However, Mr. Rees has already emphasised that the strike must be ended within the pay policy.

In these circumstances any hope that to-day's meeting might make progress depends upon the ability of the union to persuade the Government that there are aspects of the proposed new two-year phased pay formula for firemen which could be improved without breaking the pay policy.

The Government is still concerned about the possible impact on other public sector claims of a breach of the pay guidelines by firemen. On Thursday, the unions will meet the Electricity Council to present a claim for substantial rises on behalf of electricity supply workers.

The power workers' militancy in some parts of the country was shown by unofficial action over allowances in November and the forthcoming negotiations may prove difficult.

In the private sector, the Government will be watching closely the threatened strike action by petrol tanker drivers in support of pay claims believed to be about 30 per cent.

Union officials and management of BP met last week and a claim by 2,000 Shell U.K. drivers has been referred to the Advisory, Conciliation and Arbitration Service.

FT monthly survey of business opinion

Industry off to optimistic start

INDUSTRY IS starting 1978 with a generally optimistic view of the prospects both for the economy as a whole and for individual businesses.

The economic recovery is still slow and is not expected to be rapid during 1978, while there is a rather less buoyant view than previously of the prospects for exports, in particular.

This is shown by the latest Financial Times survey of business opinion which this month covers non-electrical engineering, brewing and distilling, and the paper and connected industries.

The interviews were undertaken in the first fortnight of December before the recent sharp rise in the sterling exchange rate.

The survey does, however, show that while a large majority of companies still expect a rise in exports during 1978, the percentage has slipped back compared with last summer. This is in line with the results of the CBI and Department of Trade intentions surveys, and the debate about the outlook for exports and their competitiveness is likely to intensify in the next few months as a result of the rise in sterling.

Industry is guardedly optimistic about inflation — neither expecting a single figure rise in prices in the next 12 months nor a rapid rate of increase. The expected rise in prices among those questioned in the last four months is just under 12 per cent.

The slow growth in demand remains the main constraint on production, but the latest survey confirms the growing number of companies — just under two-fifths of those questioned in the last four months — which have been referring to shortages of skilled factory staff. Nearly a third also mention labour disputes.

Industry is still generally cautious about taking on new labour with only a small net balance of companies expecting a rise in their workforce in the next year. Moreover, employment legislation and other factors related to the structure of the employment market are discouraging a net increase in staff rather than merely a shortage of demand for products.

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Details, Page 6

BOC arranges $400m. medium-term loan

BY MARGARET REID

BOC INTERNATIONAL, the oxygen and industrial group, has arranged a major medium-term loan facility totalling $400m. (£210m.) with a group of eight British and United States banks.

The facility was arranged sometime ago, but has not yet been used. It is expected to be drawn on to meet the cost of BOC's offer this month to purchase up to 1.8m. more shares of the U.S. group Airco at $43 each.

This offer would, if fully accepted, raise BOC's existing 34 per cent stake in Airco to 49 per cent, and would require some $80m. (£42m.), including incidental costs.

BOC said yesterday that the $400m. facility would remain available until the latter part of 1978 and that his group could take it up in part and cancel the rest, or take up the whole amount.

Under the recent agreement with Airco, BOC may in certain circumstances, increase its holding in Airco and bid for the balance of that company's shares during the next five years. But it said that it did not think it was likely to use the $400m. facility for the rest of Airco. No decision had been made whether to seek any further shares in that company later on.

It appears that the $400m. may be drawn on later this year to refund an $80m. (£42m.) seven-year loan which was taken in connection with financing the initial stake in Airco and which is repayable between later this year and 1980.

The $400m. facility is from three British and five U.S. banks, five of these eight being among the six which put up the earlier $80m. Interest on the new facility—drawings on which will also be repayable between the fifth and seventh years—is believed to be at ¾ per cent. above the appropriate Eurodollar rate for most of the period, with a provision for a slight increase later.

Another large British company planning to borrow in dollars is Imperial Chemical Industries. It proposes, however, to proceed by the different route of a public offering in the U.S. of $150m. (£78½m.) of guaranteed sinking fund debentures through ICI North America.

Liberals' decision hardens odds on autumn election

BY PHILIP RAWSTORNE

THE ODDS on an autumn election have hardened with the Liberals' decision to end their pact with the Government by the summer at the latest.

The Liberal Party Council decided over the week-end that the special Assembly at Blackpool on January 21 should vote on whether to abandon the pact immediately, or wait until Parliament has passed the Finance Bill implementing the spring Budget.

The Council's decision effectively ruled out any other options.

Mr. David Steel, the Liberal leader, will try to maintain support for the Government until the summer recess. In a New Year message he said: "I am determined that in the New Year, the Liberal Party should continue to play a key role not only in assisting recovery, but in pointing the way to a sounder and more prosperous future for Britain."

With prospects of some Liberal profit-sharing policies being included in the Budget, Mr. Steel hopes to persuade the Assembly that the Party's interests would not be served by an immediate break with the Government.

Mr. Callaghan, in his New Year message to the Labour Party, paid tribute to Mr. Steel's support. The Liberals were entitled to their share of the credit for the improvement in Britain's standing so far, he said.

Though Mr. Callaghan indicated he would have liked to delay an election until next year, he recognised that Mr. Steel was unlikely to be able to continue support for the Government into another Parliamentary session. The Labour Party must be prepared for any eventuality this year, he said.

"Whatever the Liberals decide to do, the Labour Government intends to carry on in 1978 when our economic success will become even more obvious," Mr. Callaghan added.

The Prime Minister promised a year of further economic and electoral recovery with more tax cuts, improvements in public services and a continuing decline in inflation.

Sounding the moderate tone of Labour's likely election appeal, Mr. Callaghan stressed the need to ensure that the economic recovery was permanent. He called for a "greater sense of common purpose" in industry and indicated that public ownership was unlikely to be given high priority in Labour's election manifesto.

"The nation simply cannot dodge the truth on incomes," Mr. Callaghan said. "If we let them rip unrestrainedly, we would, within 12 months, find wages once again engaged in a never-ending race with higher prices, soaring interest rates, the pound falling in value instead of rising, and a weakening of business confidence."

Mrs. Margaret Thatcher, the Tory leader, also looked forward just as confidently to a year which, she said, promised to be one of the most crucial in the country's history.

This would be the year in which Socialism would be decisively rejected by the country, she predicted.

Weather

Cloudy with outbreaks of rain. Temperatures near normal.

London, S.E. and Cent. England, Wales

Cloudy, some rain, brighter later. Max. 6-7C (43-45F).

E. Anglia, Midlands

Rain followed by sunny intervals. Max. 5C (41F).

E., N.E. and Cent. England, Borders, Edinburgh, Dundee and Aberdeen areas

Sunny intervals. Scattered showers, wintry in places. Max. 5C (41F).

Channel Islands, S.W. England

Mostly cloudy, occasional rain. Max. 8C (46F).

N. Wales, N.W. England, Lake District, Isle of Man, S.W. Scotland, Glasgow area, Argyll, N. Ireland

Sunny intervals and showers. Max. 6C (43F).

Cent. Highlands, Moray Firth, N.E. and W. Scotland, Orkney and Shetland

Showers, heavy and wintry. Max. 3-4C (37-39F).

Outlook: Rain, some snow. Rather cold.

THE LEX COLUMN

Growing status of the COB

At the beginning of a year in which further efforts will be made to improve self-regulatory processes in the City and in the accountancy profession it is time more attention was paid to the activities across the Channel of the fast developing French securities agency, the Commission des Operations de Bourse. Although the French stock market remains nothing to shout about, it is already clear that the COB has been strikingly successful in achieving progress towards some of the objectives it has set for itself — notably in improving the quality and quantity of information published by listed companies, and shaking up the relatively immature French accountancy profession.

The Commission is a Government agency which was established in 1968 as part of a more general strategy to improve Paris as a financial centre. It is said to have been conceived as a cross between the well-staffed U.S. Securities and Exchange Commission and City bodies such as the Takeover Panel and the Stock Exchange. It currently employs 85 people and has a budget of more than Frs.10m. (£1¼m.). (In comparison the London Stock Exchange has a total staff of over 900, of whom 156 are classified as supervisory while the Panel employs 12 people). Apart from overall administration, the COB's main supervisory activities fall under three departments: the investment and listing department, the inspectorate (including market surveillance), and the accounting division.

Investigations

The Commission operates through a combination of statutory powers, arm-twisting and influence. It has powers, for example, to supervise takeover bids and new listings—where it can insist on all disclosures it considers necessary, to investigate and refer to the public prosecutor cases of insider dealing (this is banned under a law passed in 1970), and to investigate abnormal share price movements. Indeed there is ample evidence that it uses all these powers to the full.

But it was in the area of company annual accounts and reports that the Commission probably faced its greatest challenge. When it was established 10 years ago hardly any French companies provided their shareholders with consolidated accounts, and accounting and auditing standards left a great deal to be desired. Over the past few years, however, much of this has changed.

Thanks to private and public exhortations from the COB and its insistence that every company making a new issue must thereafter publish group accounts, 58 per cent. of all listed companies with subsidiaries published consolidated accounts in 1976. In 1972 only 28 per cent. of listed companies published comparative figures. Last year 60 per cent. did so, while overall the COB has stated that only 15 per cent. of annual reports for 1976 were unsatisfactory, against 40 per cent. in 1974.

The COB has frequently used its powers over new listings and audit appointments to investigate auditors' files and insist on better procedures. In 1973, for example, it examined 20 auditors' files: last year the total was 65. In 1976 the Commission's intervention secured the removal of auditors in no fewer than 27 cases, one of which was referred to the public prosecutor. It also has power to refer auditors for disciplinary action by their own professional bodies.

In an unprecedented action in July 1976 the COB suspended Price Waterhouse, France, from acting as reporting accountants for new Bourse listings after it found that the firm was not justified in giving an unqualified opinion on the 1972 accounts of a company called Voyer. This was a construction concern which collapsed in 1975 after being floated, with Price Waterhouse as reporting accountants, in 1973. The suspension was only lifted in December 1976 after the COB had examined PW's files and obtained its agreem that inter alia it would sub its work programme and report for approval in all cases where it acted as rep ing accountants. Similar ciplines now apply to reporting accountants.

The COB has had to from a very low base in ge things to where they are n and it freely admits that it has a great deal of groun cover, particularly in ma such as company accounts auditing. Consolidation accounts, for example, has really been a first step; dardisation of accounting p ciples must follow.

Nevertheless it is useful consider what lessons the can learn from the French perience with the COB. French needed a statutory b to police their securities m kets simply because they no tradition of self-regulati But they made its job easier declaring insider dealing — practice which has someti given the City a bad name illegal.

Extending role

In the first ten years of life the COB has gradu extended its role, in a s regulatory fashion, into ar and matters which are consid ably beyond its basic statute powers. In doing this resembles to some extent Bank of England, which d the arm-twisting in the City backs up the Takeover Pa The latter type of self-regu tion seems to work fairly w in the U.K. and the COB mak no secret of the fact that has adopted many of the Pane procedures.

The area where the COB h been most successful is in regulation of company accou and the accounting professio This happens to be the one fie where self-regulation does not present appear to work ve well in the U.K. It seems on too obvious that somethi similar to the COB will needed for British accountan unless they make a seri effort to regulate themselves.

Continued from Page 1

Carter visits India

cessing plant at Trombay or of the experimental reactor from which it obtains plutonium for nuclear explosives.

The Desai Government had already indicated that it was deeply impressed by the vehemence of international reaction to the Indian nuclear explosion, and did not intend to develop nuclear explosives any further—even for peaceful uses.

The U.S. Government has already toned down its originally very-tough non-proliferation line, and adopted a more flexible four-pronged strategy in recent months. They are:

1—To make nuclear safeguards more effective by insisting on comprehensive safeguards.

2—To exercise self-restraint in the transfer of "sensitive" technologies until it has learned how to make them safeguardable.

3—To create non-proliferation incentives through fuel assurances and assistance in the management of spent fuel for nations which agree to forego having their own complete nuclear fuel cycle.

4—To build an international consensus about the future structure and management of the nuclear fuel cycle.

Richard Evans writes: Mr. James Callaghan, following in the wake of President Carter, to-day will begin the first visit to the Indian sub-continent by a Labour Premier since independence.

Talks with political leaders in India, Pakistan and Bangladesh will range over the whole sphere of political, economical and social relations, but in India a discordant note could develop from an exchange of views on non-proliferation of nuclear weapons.

The U.K. Government's attitude on the inherent international risks involved in extending the number of nations with a nuclear capability is closely akin to that of President Carter, and out of step with the views of Mr. Desai.

Mr. Calaghan will visit India from Jan. 7 to 11 after a two-day visit to Bangladesh. He will visit Pakistan from Jan. 12 to 13 when he wil meet Gen. Zia Ul Haq for the first time.

GEC in $57m. Iran power deal

BY ANDREW WHITLEY

TEHRAN, Jan. 2.

GEC TURBINE Generators has won a $57m. power station contract in Iran which will be supported by a $37.3m. loan by a syndicate of British banks. The loan agreement sets several encouraging precedents for British exports.

For the first time an Export Credits Guarantee Department credit for Iran is being financed in dollars rather than sterling. The loan is also the first British credit to Iran's public sector.

In the wake of Iran's rapid industrialisation and consequent administrative changes, the acceptance of a loan of this nature has considerable implications for future British bids.

British companies tendering for two very large projects in Iran — the $3bn. direct-reduction steel mill at Isfahan and a $700m. aromatics plant — now stand a better chance.

Under the power station contract, GEC will be lead contractor in building plant for the Iranian State electricity company, Tavanir, for completion by 1980.

Discussions with GEC, which has already completed another power station on the same site, originally began in 1973, but were overtaken by the transformation in Iran's financial position late that year.

In fact most of the equipment has been ready for years.

The loan agreement, signed in London, has a five year repayment period, after the commissioning of the power station in mid-1980, and carries a fixed interest rate of 7¼ per cent.

Financing in dollars has put Britain on better competitive terms with France and West Germany, two major rivals in the lucrative Iranian capital goods market.

Washington's refusal to allow the Export-Import Bank to lend to OPEC countries has been a serious handicap for American exporters, although many U.S. multinationals circumvent restrictions by operating through European subsidiaries.

While British exports to Iran may benefit from the mutual acceptance of British dollar credits, lack of British finance has not in the past been the problem. Inhibitions have come mainly from the Iranian side.

However, the future financing pattern is likely to be a mixture of oil-barter deals of different descriptions and credits from exporters.

With the $3bn. steel mill project it is believed that Iran is looking for oil barter to cover the local costs, some 50 per cent. of the total, and credits for the remainder.

Preliminary figures on British exports to Iran last year indicate that in value terms there has been a 25 per cent. increase over 1976. For most of the year the increase was running at 27 per cent.

Estimates based on the first 10 months, suggest that the year's total exports will be worth about £640m., maintaining Iran as by far the biggest market for British goods in the Middle East.

Nevertheless, the main suppliers of Iran last year were the West Germans and Japanese.

Exports Challenge In Iran, Page 4

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